Daily Report

Latin America

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Cuba

Possible Issues for Discussion at U.S. Talks Noted

PA1904022395 Havana PRENSA LATINA in Spanish 1600 GMT 18 Apr 95

[By Roberto Molina]

[FBIS Translated Text] United Nations, 18 Apr (PL)—Cuban and U.S. delegations today began the third round of negotiations to study the stages of compliance with the migration agreements secured in September 1994.

The talks taking place in the offices of Cuba's permanent mission to the United Nations are led by Ricardo Alarcon de Quesada, head of the delegation and president of Cuba's National Assembly of the People's Government, and Dennis Hays, coordinator of Cuban affairs at the U.S. State Department.

Both sides are maintaining the usual secrecy on the topics of discussion in the talks that began on 1 September as the result of an agreement to solve the crisis caused by the illegal departure of thousands of people encouraged by constant U.S. propaganda.

Delegation spokesmen limited themselves to say that studies will continue on the compliance with the agreement signed on 9 September.

On that occasion it was established that the United States will grant no less than 20,000 visas a year to Cubans interested in migrating to the United States, as well as an additional number, under exceptional conditions, to cover the needs of a waiting list created by the noncompliance with the 1984 agreement.

Cuba promised to adopt persuasive measures to avoid the continuation of the illegal exodus.

Since then, two rounds of talks have been held, one in Havana at the end of October 1994, and another in New York in the second half of January 1995.

The talks that began today should have taken place in Havana, but due to Cuban inconvenience with the proposed dates and the U.S. counterproposal, it was decided to again meet in New York so as to not affect other work agenda commitments by the parties.

During the January session it was established that the flow of awarded visas, which was somewhat delayed, would be expedited by increasing the number of personnel and the size of the U.S. office in Havana. It is therefore hoped that by September 1995 there will be compliance with the agreement.

The Havana delegation has been insisting on discussing the topic of requests from parents to return the children who were illegally removed from the island by the other parent.

The United States has recognized the complexity of the issue and has expressed its willingness to seek a solution to the rights of parents to seek custody of their children.

But it was clear to the negotiators that the question would not be resolved in that round of talks and they agreed to continue discussing it and seek a solution through diplomatic channels, through the respective interests sections in Havana and Washington.

The Cuban negotiators also introduced the issue of a Navy deserter who in August murdered a Cuban Armed Forces officer to steal the vessel and travel illegally to the United States, in which legal technicalities are being argued, making it difficult to present homicide and hijacking charges.

This possibility was included in the September agreement, but Cuba considered the reply unsatisfactory and requested action whereby justice and the spirit and the letter of the September 1994 agreement would prevail.

Surely these questions and other topics that have emerged while implementing the agreements will be discussed in the talks that began today. The second session will take place this afternoon and will resume tomorrow.

Spokesman: Talks 'Going Well'

PA1904035195 Havana PRENSA LATINA in Spanish 0106 GMT 19 Apr 95

[FBIS Translated Text] United Nations, 18 Apr (PL)—Cuban delegation spokesman Carlos Fernandez de Cossio has declared that the negotiations on migratory issues between Cuba and the United States, which were reinitiated today, are going well.

Although both sides are maintaining complete silence on the specific issues that were discussed, the Cuban diplomat told PRENSA LATINA that there is concurrence that the fundamental areas of the agreement, which was signed by the two countries on 9 September 1994, are being complied with.

The talks, which are being held at the Cuban diplomatic mission in the United Nations, are headed by Ricardo Alarcon, president of the National Assembly of the People's Government of Cuba, and Dennis Hays, State Department coordinator for Cuban affairs.

This is the third time the parties are reviewing compliance with different parts of this agreement.

The agreement contains the U.S. commitment to grant no fewer than 20,000 visas a year to Cuban citizens interested in traveling to the United States, as well as an additional amount, as an exception, to solve cases that are pending because of the U.S. lack of compliance with the 1984 agreement.

As agreed, Cuba will use all the persuasive means available to stop the illegal exodus of people to the Florida

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coasts, which had increased in August of last year with the consequent danger to the lives of those who made this attempt in fragile crafts.

Fernandez de Cossio added that after the session ended its debates—the meeting lasted until 1700 (2100 GMT)—the working group continued to discuss very specific issues included in the talks.

He reported that another meeting will begin at the Cuban mission at 0900 (1300 GMT) tomorrow, and would end this round of talks. This is the third round of talks since the agreements were signed (the first was in Havana at the end of October 1994 and the second in New York in the second half of January 1995.)

The Cuban spokesman announced that the fourth round of talks to study the compliance with the agreement would be held in Havana at the end of May.

Official Terms U.S. Court Decision To Free Hijacker 'Unjust'

PA1904031095 Havana PRENSA LATINA in Spanish 0013 GMT 19 Apr 95

[FBIS Translated Text] Havana, 18 Apr (PL)—A Cuban Foreign Ministry official has termed unjust and offensive the decision of a U.S. court to liberate former Cuban recruit Leonel Macias, wanted by Cuba as the perpetrator of the killing of a naval officer.

"That reward to that murderer can only be understood as falling within the atmosphere of hostility, aggression, and madness that characterize the actions of small counterrevolutionary groups of U.S. society against the Cuban revolution," Rafael Dausa, head of the Analysis Department of the Cuban Foreign Ministry, has told PRENSA LATINA.

The Cuban Foreign Ministry official condemned the decision of a U.S. court and those who promote and are capable of sanctifying such extraordinary arbitrary action.

Leonel Macias "will continue to be a murderer of the worst kind and will join the list of those types of individuals who have found shelter in the United States," he noted.

On 8 August 1994, Macias took advantage of his position as a Cuban Navy recruit to hijack a Navy boat in the Port of Mariel, during which action he killed Navy Lieutenant Roberto Aguilar Reyes, who was commanding the boat.

According to testimonies from three key witnesses to this criminal action who were also victims of the boat hijacking, Yasimel Fernandez, Osmany Perez, and Arnel Batista—all of whom are Navy personnel—Macias got onto the boat explaining that he needed to present a medical certificate.

The three sailors were on the bow, while the officer was on the stern, where Macias went after the boat sped away from the dock. He then inserted his hand in a bag he was carrying and pulled out a gun with which he shot Aguilar Reyes twice.

He then pointed his gun at the rest of the crew, ordering them to proceed to the pier to pick up a group of people who were awaiting him and said he would kill anyone who resisted.

After his accomplices, including women and children, boarded the boat, Macias asked the three young sailors if they wanted to go with them to the United States and was told no, after which the sailors jumped into the sea.

Federation Condemns U.S. Attempts To Reinforce Blockade

FL1804231495 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] The Cuban Workers Federation [CTC] is holding its ninth plenum at CTC headquarters, in Havana. Cuban union leaders are discussing the address to Cuban workers that will be delivered on 1 May, the efficiency of basic sugarcane cooperative production units, and the results of the economic efficiency assemblies. The plenum opened with passage of a motion condemning extreme right-wing attempts in the U.S. Congress to reinforce the blockade of Cuba and the Revolution and a call for international solidarity. Workers' unity and cohesion regarding Cuba's political and economic strategy and the defense of the individual and social achievement of every Cuban due to socialism were predominant topics of discussion. Carlos Lage, who is a Politburo member, and other government and union officials are participating in the CTC's ninth plenum, chaired by CTC Secretary General Pedro Ross Leal.

Blockade Deprives U.S. Children of Meningitis Vaccine

FL1804231395 Havana Tele Rebelde Network in Spanish 1630 GMT 18 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] The U.S. Department of Health and Human Services has issued a report indicating that the number of meningococcal meningitis cases has doubled in Oregon since 1943. While the United States has vaccines for other types of meningitis, they have not yet produced one for meningitis B even though laboratories in four states are conducting research. The vaccine produced at Havana City's Finley Institute is the only one of its kind in the world and was field-tested in Cuba, Brazil, and Argentina with positive results. The type of illness observed in Oregon and Washington is the same that was observed in Cuba, Norway, and Brazil. Many U.S. specialists have said that introducing a vaccine in the United States that has been tested in several countries with a 74 percent effectiveness rate is the only way

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to quickly control this outbreak. However, the U.S. economic blockade of Cuba prevents millions of U.S. children from being vaccinated against this deadly disease. The U.S. Food and Drug Administration has not approved the Cuban vaccine (Vamengot BC), even though several of its specialists believe in the vaccine's exclusiveness and effectiveness. U.S. citizens should beware: The illness does not distinguish between its victims. The giant could lose his own eye in his attempts to leave his little neighbor blind.

Lage Stresses Economic Assessment Meetings' Importance

FL1804212095 Havana Radio Reloj Network in Spanish 1932 GMT 18 Apr 95

[FBIS Translated Text] Carlos Lage, Council of Ministers Executive Committee secretary, participated in the Cuban Workers Federation's national plenum on 18 April. Lage highlighted the economic assessment meetings' significance, stressing that they have broadly discussed rationalization in the workplaces. Lage said that efficiency is not only based on the number of workers on the payroll but also on factors such as profitability, raw materials, and leadership, among others. Lage pointed out that the rationalization process should take place gradually, to be fair, and to lead to economic recovery. He added that union and management have a decisive role in this regard. Lage also said that the ministries must make efforts to find new sources of employment, in addition to implementing the rationalization process.

Roundup of Politburo Members' Activities

FL1804233095

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 18 April.

Nelson Torres has toured Camaguey and Ciego de Avila Provinces to assess sugarcane harvest efforts. (Havana Radio Rebelde Network in Spanish 1700 GMT 14 Apr 95)

Nelson Torres has participated in a plenary meeting on the sugar harvest in Holguin Province. He stressed during his tour of Ciego de Avila Province the need to encourage workers to do their best every day and to prevent delays in grinding cane. (Havana Radio Progreso Network in Spanish 1000 GMT 15 Apr 95)

Nelson Torres has commended Santiago de Cuba Province on its work. The province took first place during the current sugarcane harvest, managed to have a high yield, and is about to fulfill its goal despite shortages. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Apr 95)

Pedro Ross Leal has said that the most important productive task that the Cuban Workers Federation is supporting is the completion of the sugarcane harvest. Ross praised the efforts of the manual cane cutters, who continue to show the highest level of participation despite a shortage in resources. Ross stressed the importance of the spring sugarcane planting campaign and its goal, which is to plant 15,000 caballerias of sugarcane. (Havana Radio Reloj Network in Spanish 1941 GMT 14 Apr 95)

Yadira Garcia Vera, Jose Ramon Machado Ventura, and Maria de los Angeles Garcia have chaired a Cuban Communist Party plenum in Matanzas Province to assess measures that the province has taken to solve the problems discussed during their visit in 1994. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Apr 95)

Candido Palmero announced on 15 April that Havana will harvest 2.8 million quintales of potatoes during the current campaign and praised the results achieved by the Revolutionary Armed Forces's Centenario del Honor unit. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Apr 95)

Alfredo Hondal participated in a ceremony in Villa Clara Province to mark Militiamen's Day on 16 April. Several officers and reserves were promoted. The names of those promoted are not given. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 17 Apr 95)

Raul Castro has sent his written congratulations to the women of Batalla de Santa Clara unit, Villa Clara Province, on their outstanding work in a local organic orchard. (Havana Radio Reloj Network in Spanish 1932 GMT 17 Apr 95)

Alfredo Jordan Morales has participated in the first national meeting on organic orchards, held in Villa Clara Province. He stressed the need to produce more vegetables and tubers during the summer and the importance of organic orchards. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 18 Apr 95)

Jorge Lezcano has attended a Syrian Independence Day reception at the Syrian Embassy. (Havana Radio Reloj Network in Spanish 1953 GMT 18 Apr 95)

U.S., Nonaligned Gaps Noted at NPT Conference

FL1804211695 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] It was clear when the Nuclear Nonproliferation Treaty [NPT] conference opened in New York on 17 April that the opinions of the United States and the Nonaligned nations—including several Latin American nations—differed. Secretary of State Warren Christopher expressed the view of Washington and other Western powers that the treaty has worked out in its 25-year history and should be indefinitely and

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unconditionally extended. However, Latin American nations do not appear disposed to agree with this assessment despite serious pressure from U.S. supporters. Although different in their approaches, the majority of Latin American nations refuse to deliver a blank check to the nuclear powers and seek periodic review of compliance with the treaty. However, the more alert demand a stronger commitment from the powerful on nuclear disarmament and legal guarantees of security. Others, such as Brazil, believe that in its 25-year history the treaty did not achieve its goal of eliminating nuclear arsenals. A minimum of 90 votes are needed for approval of unconditional extension of the treaty, which lends greater importance to the Latin Americans' position.

[Havana Radio Rebelde Network in Spanish at 1155 GMT on 18 April, during the "Doing Radio" program, carries a four-minute Eduardo Dimas commentary on the NPT conference.

[He notes that 176 nations will vote on whether to extend the NPT indefinitely. In his review of the NPT's history, duration, and purpose, Dimas draws attention to what he describes as two flaws in the treaty: the unipolar distribution of nuclear arms among five nations—that is, the United States, the former USSR, France, the UK, and the PRC—and their possible continued development by nations with the capability. He reports that Israel, India, and Pakistan have or are developing nuclear programs and reminds that the United States has accused Iraq, Libya, the DPRK, Syria, and Iran of trying to start up programs. He claims that the International Atomic Energy Agency controls uranium and recalls the policing role that it plays in Iraq and the DPRK at the behest of the UN Security Council and the United States. Dimas reminds that Israel refuses to sign the treaty.

[He says: "Nuclear arms have not been used against human beings since atomic bombs were dropped on Hiroshima and Nagasaki. Many people suffered the effects of the radiation and the death toll rises year after year almost 50 years later. The number of victims is approaching 300,000. President William Clinton recently said that predecessor Harry Truman had been correct in ordering the bombs to be dropped on Hiroshima and Nagasaki. This caused strong protest in Japan." Dimas adds that this "unnecessary demonstration of the power of nuclear arms" left a wound that is very difficult to heal, noting that the event is considered by many to be the beginning of the Cold War and the East-West conflict.

[He says that nuclear arms should be totally eliminated now that the Cold War is over but that only those who possess them can bring this about. Dimas concludes by saying that the month-long conference should strengthen the treaty and that it remains to be seen if it will be extended indefinitely, as the five nuclear powers want, or will be extended for a limited time.]

Government Denies Attack Against Military Academy

PA1904025295 Havana PRENSA LATINA in Spanish 0032 GMT 19 Apr 95

[FBIS Translated Text] Havana, 18 Apr (PL)—Rafael Dausa, head of the Analysis Department of the Cuban Foreign Ministry, today denied reports from the United States and Venezuela that an attack took place against a Cuban military academy.

Dausa told PRENSA LATINA that "the alleged action can only exist in the imaginations of hot-headed individuals of the Cuban counterrevolution in Miami, United States."

The Cuban diplomat said no such action as that reported by several news media, based on information provided by Cuban counterrevolutionary groups in Miami and Caracas, has taken place.

That, he insisted, "is nothing more than a big lie by those who seek to stand out among south Florida's terrorists."

Press reports received here talks of an alleged attack on Monday [17 April] by terrorist commandos against the Maximo Gomez Military Academy of the Revolutionary Armed Forces, located in the northeastern section of the capital.

[Mexico City NOTIMEX in Spanish at 2345 GMT on 18 April carries a 200-word Havana-datelined item stating that "the report was released by the paramilitary National Democratic Unity Party (PUND)." The item quotes Dausa as saying "no other such incidents have occurred, no one has been arrested, and no one is being sought in connection with any similar recent event."]

Haiti

CONACOM Notes CEP Refusal To Reorganize Electoral Apparatus

PA1804191495 Port-au-Prince Signal FM Radio in Creole 1130 GMT 18 Apr 95

[From "The 7:30 Appointment Newscast"]

[FBIS Translated Excerpt] The National Congress of Democratic Movements [CONACOM] national secretariat says it has noted that despite apprehensions expressed by most of the political parties, candidates, and popular organizations interested in the June 1995 elections, Provisional Electoral Council [CEP] President Anselme Remy publicly refuses to restructure the Departmental Electoral Offices, Communal Electoral Offices, and Registration and Polling Stations. In fact, those structures, the electoral apparatuses, are literally dominated by Lavalas Political Organization [OPL] members dressed up—according to CONACOM—as representatives of popular organizations. The least one can say to Mr. Remy is that his stubbornness is not

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innocent and that, in the eyes of democrats, it translates into an obvious willingness to rig the elections. [passage omitted]

Michel Denies Plot Charges, Views Security

PA1804190995 Port-au-Prince Signal FM Radio in French 1030 GMT 18 Apr 95

[Report on news conference by Prime Minister Smarck Michel in Port-au-Prince on 17 April]

[FBIS Translated Excerpt] Haitian Prime Minister Smark Michel on 17 April defended the actions of his government and told his detractors that his resignation would constitute a betrayal. During a news conference in Port-au-Prince, Mr. Michel keenly rejected the accusations of plot against the Haitian people and President Jean-Bertrand Aristide brought against the government by several popular organizations. The only plot in which I participated was the one for the return of President Aristide, the head of government stated. If the president asks me to resign, I will expose the dangers of this resignation to him, and if he insists, I will resign, he added.

Acknowledging that insecurity prevents society from functioning normally, Smarck Michel said the situation has improved over the past few days due to the efforts of the interim police and its chief, Major Dany Toussaint.

Stating that he does not have a magic wand to make the high cost of living drop, the Haitian prime minister said that the stabilization of the gourde at approximately 14 gourdes to one U.S. dollar is a favorable factor. He also announced the imminent opening of community stores and predicted a short-term improvement in the distribution of electricity throughout the country.

[Begin Michel recording, in Creole] In view of all the problems that somebody or a country faces, there are people who are working to solve the problems, and there are others working to reinforce the problems. On that score, yes, there is certainly a plot to keep us in the current situation, a plot to make the insecurity problem worse, a plot to keep the high cost of living from decreasing, because if those problems are solved, we will get out of this situation. But we know that not everyone wants us to emerge from the problem. Some people would like things to go back to the previous status quo, when a small group of people took the country hostage and profited from it. In this sense, there may really be a plot. [end recording] [passage omitted]

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Banacci Official Predicts Interventions in 5 Banks

PA1804180295 Mexico City NOTIMEX in Spanish 0047 GMT 18 Apr 95

[FBIS Translated Text] Mexico City, 17 Apr (NOTIMEX)—Sources from the Banacci [Banamex-Accival] financial group said today that authorities might intervene in at least five Mexican banks experiencing capitalization and efficiency problems.

Manuel Guzman Moreno, the Banacci group's assistant director of financial institution investigations, said the banks facing the biggest problems are Banpais, Mercantil Probursa, Bital, Inverlat, and Serfin.

The investigator added that Mexico's banking crisis is the result of a considerable number of overdue portfolios and its inability to generate sufficient resources to meet its need for capital and to generate profits.

At the "Administration Month" cycle of conferences at the Metropolitan Autonomous University (UAM) in Mexico City, Guzman Moreno said the banks' capitalization and efficiency problems must be resolved.

He added that the banks' capitalization and operational efficiency problems might require the intervention of the federal authorities for reactivation, "which will not be easy at all."

Guzman Moreno explained that the banks will not be able to reduce their interest rates to percentages below inflation, which government sources are estimating at 42 percent.

"The problem is that the banks have a small margin in which to maneuver to reduce interest rates because money is scarce, and when it is used as merchandise it tends to be more expensive," the investigator said.

The assistant director noted that if Mexico does not resolve its situation by the year 2008, it will be unable to compete with the foreign banking institutions that enter the country through NAFTA.

Navy Intercepts Ship Carrying Illegal Migrants

PA1804181395 Mexico City NOTIMEX in Spanish 1504 GMT 18 Apr 95

[FBIS Translated Text] Mexico City, 18 Apr (NOTIMEX)—The Mexican Navy reported today that it intercepted the ship Fang Ming as it entered Mexican waters. The ship was subjected to an initial search and was found to be carrying approximately 100 illegal Chinese migrants.

The Mexican Navy reported that the Mexican gunboats Ocampo and Zamora intercepted the Fang Ming when it entered Mexican waters after crossing international waters off the coast of Baja California State.

The report adds that the ship was searched and found to be carrying Chinese migrants. The Navy, therefore, acted with the support of national immigration authorities and in keeping with Article 2 of the general law on population involving the entry of migrants.

The Mexican Navy explained that the ship was intercepted when it entered national waters because it lacked the pertinent documents and was carrying illegal migrants.

The report added that the ship had been at sea for virtually three months, had mechanical problems which precluded it from sailing, lacked supplies and water, and the hygienic situation on board posed a hazard to the physical welfare of the passengers and crew.

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Honduras

Economy Minister Hopes To Achieve Inflation Rate Goal

PA1904043195 San Pedro Sula TIEMPO in Spanish 18 Apr 95 p 4

[Report by Freddy Perdomo]

[FBIS Translated Text] Tegucigalpa—Economy and Commerce Minister Delmer Urbizo Panting yesterday said that the members of the economic cabinet have not lost hope in ending the year with a 12-percent inflation rate, even though it already reached 9.2 percent in the first quarter of 1995.

In order for the government to attain this goals, we need the inflation rate to be 0.31 percent for the next few months, which is a goal that the Honduran Economists Association believes is impossible. It even dares to estimate that this indicator will reach between 20 and 30 percent by year's end.

According to Minister Urbizo, the inflation rate during the first two months was the result of the price freeze implemented in November and December 1994.

Urbizo pointed out that if we do not want to exceed that 12-percent goal, the productive and service sectors must not inadequately increase certain prices that could exert some pressure on the inflation rate.

The government official assessed that if certain businessmen who speculate with price increases fail to support the government, then the state will implement an aggressive policy to lift the customs tariffs in order to let new products flow into the market and to have more suppliers in the domestic market.

He also explained that the inflation rate is stimulated by such other issues as the lempira exchange rate vis-a-vis the dollar, tax evasion, and merchandise overpricing that will be corrected when the tax code is approved.

Panama

President Promises Not To Reinstate PDF Members

PA1904042995 Panama City EL PANAMA AMERICA in Spanish 18 Apr 95 p E-12

[Article by Leyda Gonzalez]

[FBIS Translated Excerpt] President Ernesto Perez Balladares reiterated yesterday his "final" decision not to reinstate former officers of the Panama Defense Forces [PDF] in the National Police. He also recognized the rights of the Gnobe Bugle ethnic group to protest, but said they cannot "trample or violate" Panamanian laws.

Perez Balladares said that during the election campaign he promised not to reinstate the officers, who were not hired by the new Public Force. I intend to keep my word, the president said.

As for the protests of the Gnobe Bugle against a mining project being developed by the Geo Tec Company in Veraguas Province, the president said the members of that ethnic group are Panamanians and as such "they must respect the laws of the Republic." [passage omitted]

Commission Against Money Laundering Established

PA1904043095 Panama City Circuito RPC Television in Spanish 2300 GMT 17 Apr 95

[Report by Alvaro Alvarado from the "RPC Television News" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] President Ernesto Perez Balladares today established the Presidential Commission Against Money Laundering [Comision Presidencial Contra el Lavado de Dinero]. The high-level presidential commission against drug-related money laundering was created to advise the president about the implementation of measures needed to carry out the nation's policies against money laundering. The commission comprises public and private personalities and will be headed by Gabriel Castro, the director of the Judicial Technical Police. Castro presented an assessment of Panama's efforts to counter international drug trafficking, highlighting the fact that government authorities have seized more that 600 kg of drugs in the first quarter of the year.

[Begin Castro recording] We must be very careful, however, not to let our enthusiasm lead us to unfounded persecutions, which could cause irreparable damage to individuals and to our economic system. [end recording]

The president admitted that Panama is a desired location for drug traffickers and money launderers to carry out their dirty business because of its geographical location and the fact that it is an international financial center.

[Begin Perez Balladares recording] Consequently, this imposes upon us the double responsibility of exercising continuous surveillance, in order to carry out a strong and effective fight against money laundering and drug trafficking, and establishing cooperation ties with all other nations interested in undertaking the same effort. [end recording]

The commission is a task force made up of people who are involved in this issue and who will seek ways of preventing drug trafficking and money laundering.

Administration Obtains 80% Popularity Rating

PA1904042895 Panama City EL SIGLO in Spanish 18 Apr 95 p 22

[Report by Gaston Lummart]

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[FBIS Translated Excerpt] The third Dichter and Neira opinion poll, which was conducted according to a questionnaire carefully reviewed by the editorial council, the research unit, and the LA PRENSA board, shows that President Perez Balladares' administration boasts a very high popularity rate.

At the end of the sixth month of his administration, Perez obtained a popularity rating of 80 percent, while the first lady obtained 89.2 percent. [passage omitted]

Workers' Unions Present Labor Code Reform Package

PA1904033695 Panama City Circuito RPC Television in Spanish 2300 GMT 17 Apr 95

[Report by Alvaro Alvarado; from the "RPC Television News" newscast]

[FBIS Translated Text] The Labor Foundation has presented a Labor Code reforms package to President Ernesto Perez Balladares. Workers' unions and business association representatives put the document together at the headquarters of the Labor Foundation. It is the result of over two years of intensive discussions, during which a consensus was reached on 90 percent of the reforms. The president received the 62-article document and will now present it to the cabinet.

[Begin Perez Balladares recording] Now we begin a second phase, as it were, of this dialogue and agreement process. We will deal with issues that were not included here, perhaps due to a lack of time or to whatever circumstances. Unfortunately there are still some people who, for one reason or another, prefer confrontation to dialogue. I believe you have given us an example of what dialogue can accomplish, and you will continue to do so. Now we must begin the phase of discussion of those issues that have not yet been addressed. [end recording]

Following the cabinet's evaluation, the reforms must be presented to the National Legislative Assembly. There, the interested parties will have a new opportunity to present their opinion, in an atmosphere in which dialogue and understanding must prevail.

[Begin Labor Minister Guillermo Fernandez recording] Now we must sit down to discuss the issues that are truly the essence of the Labor Code reforms. These are mobility, the cost of firing an employee, and reasons for such action. In addition, there are other issues that we must include in the process, such as drugs and alcohol as grounds for dismissal. [end recording]

Labor Minister Mitchell Doens said the negotiations will continue. He affirmed that a majority of the reforms presented by the Labor Foundation will be approved by the cabinet. Doens issued an appeal to the workers' unions who are planning strikes and protests.

[Begin Doens recording] The achievements of the foundation, which come from a positive attitude and atmosphere for discussion, are open to those sectors that have already given their reasons for not taking part in the discussions. We will continue to offer them peace, in the hope they will join the process and thus prevent confrontation. [end recording]

[Begin Egberto Cobos, workers' union judicial representative, recording] "We believe the proposal we have presented here today reflects the workers' interests and provides continued strength. Our brother unions—the Single National Union of Construction and Related Workers and the banana workers—have expressed their preference for other lines of action and we will respect their opinion. [end recording]

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Argentina

Menem: Patent Law Not Promulgated, Returned to Congress

PY1804180295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1616 GMT 18 Apr 95

[FBIS Translated Text] Buenos Aires, 18 Apr (NA)—President Carlos Menem today confirmed that he had sent the controversial Patents Law back to Congress "with some observations and without having promulgated it."

The head of state made this announcement while briefly referring to the controversial issue of patents on medicines during the inauguration of Parmalat industrial plant in the Buenos Aires Province borough of Pilar.

Commenting on the fate of the law that he was studying after it had been enacted by Congress, Menem said: "I have sent it back to Congress. I made some observations without promulgating it."

Cavallo Explains New Financial Measures to Bankers

PY1804200495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1625 GMT 18 Apr 95

[FBIS Translated Text] Buenos Aires, 18 Apr (NA)—Economy Minister Domingo Cavallo this morning explained to representatives from domestic and foreign banking institutions the guidelines of the new guaranteed banking deposits system and the rules of the game of the fiduciary funds for institutions with liquidity problems.

The meeting, in which presidents of our country's leading private banks, government organization officials, and banking association directors participated, was held at the Argentine National Bank (BNA) headquarters.

The meeting was of a confidential nature. It was leaked that, during the meeting, the economy minister explained the scope of the new guaranteed deposits system that became effective today. The audience, therefore, did not have the opportunity to ask questions.

Cavallo also explained the work being carried out by the steering committees of the two fiduciary funds established to refinance the private banking system and privatize provincial banks.

Among those present at the one-hour lecture were Manuel Sacerdote, the Argentine Banking Association (ABRA) vice president; Amadeo Vazquez, the ADEBA [Association of Argentine Banks] secretary and Banco Rio executive vice president; and Raul Passano, the Association of Banks of the Interior of the Argentine Republic (ABIRA) president.

Also present were Central Bank President Roque Fernandez; Argentine National Bank President Aldo Dadone; National Mortgage Bank (BHN) President Pablo Rojo; Horacio Liendo, the Economy Ministry legal and technical secretary; and Jorge Balldrich, the under secretary for regional economic programming, among others.

After Cavallo's lecture, Balldrich noted that Cavallo indicated the priorities for the privatization of provincial banks.

Balldrich added: "He also explained the Economy Ministry's projections for a more efficient financial system, with less costs and many more branches in the interior of the country."

In remarks to the journalists accredited to the Economy Ministry, Balldrich emphasized that, during Cavallo's lecture, "the specific situation of banks or possible suspensions were not mentioned."

Sacerdote, the Bank of Boston president, noted that the measures taken to reorganize the financial system, after the crisis experienced over the past few months, are "good, and solutions will be achieved."

Vazquez noted that he has "a good impression" of the institutional measures taken to strengthen the banking system. In this regard, he emphasized the reform of the Central Bank charter and the new banking guarantee system.

Vazquez stressed: "With these institutions, the Argentine banking system is better fitted to protect savings account holders and guarantee a loan portfolio without which the real economy does not work."

The Banco Rio vice president noted: "The system will stabilize, and throughout this year it will recover the level of liquidity that was unfortunately lost after the departure of $7 to $8 million."

Government Supports Indefinite NPT Extension

PY1904010295 Buenos Aires TELAM in Spanish 1820 GMT 18 Apr 95

[FBIS Translated Text] Buenos Aires, 18 Apr (TELAM)—Emilio Cardenas, Argentine ambassador to the United Nations, said today he believes Argentina will confirm its approval of an indefinite extension of the nuclear Non- Proliferation Treaty (NPT).

The diplomat talked with TELAM from New York. He said that of the 178 NPT signatory countries, "more than 100" are committed "to vote in favor" of an indefinite extension of the treaty.

Cardenas said Foreign Minister Guido Di Tella will explain Argentina's position in favor of an indefinite extension of the treaty in New York on 24 April.

Representatives from more than 20 countries which have a different position on the subject will analyze the future of this key agreement for world security in a "historic conference" as of today.

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In the meeting, which will end on 12 May, the 178 NPT signatory countries will decide if it is to indefinitely be extended or by limited periods.

EFE said representatives of the United States, Russia, the United Kingdom, and France—which, with China, are the five recognized nuclear powers—tend to support a permanent and unconditional extension of the NPT.

Argentina, together with other Western, East European, and Central American countries, expressed support for the position of the five great nuclear powers to extend the treaty indefinitely.

Ambassador Cardenas said the five UN permanent members "expressed their commitment to defend" countries without nuclear weapons from attacks by countries that possess the weapon.

Cardenas said the United States, Russia, Great Britain, France, and China "have guaranteed countries without nuclear weapons that in case of attack they will defend them," but always "via the UN Security Council."

Enrique de la Torre, head of Argentina's Foreign Ministry Nuclear Affairs Department, said Di Tella's speech seeks "two essential goals: To advocate an indefinite extension" of the treaty and "to seek ways to improve the verification system."

Argentina joined the NPT in 1994. Before that the government considered the treaty "discriminatory" because it "froze" the number of nuclear powers and forbade the development of nuclear weapons by other countries.

During his opening speech, UN Secretary General Butrus Butrus-Ghali said "the best, safest, and quickest" way to end the threat of nuclear weapons "is to eliminate them completely."

Butrus-Ghali added that the conference on NPT Extension and Revision "was historic" and could influence international relations just as nations are trying to develop arms of mass destruction.

The secretary general stressed that "our vision of the future must include the elimination of all aspects of nuclear weapons."

Many nonaligned countries, meanwhile, have criticized the lack of progress in the area of disarmament and the removal of obstacles for the transfer of nuclear technology for peaceful purposes. These nations support a limited extension as a way to pressure the nuclear powers into eliminating their arsenals, as they promised in the NPT which became effective as of 1970.

EU members support a permanent extension of the NPT, as is Japan, which is expected to stress the need for disarmament and support the treaty's indefinite extension.

Latin America, the first region to agree to become a nuclear weapons free zone through the Tlatelolco Treaty, does not have a common position on the extension.

Argentina supports a permanent extension, but Venezuela supports a 25-year extension and a conference at the end of that period to decide the future of the treaty.

Although Brazil and Chile have not signed the NPT, their representatives were admitted as observers with representatives of other non-signatory countries like Israel and Pakistan, which together with India, have nuclear weapons or the means to produce them.

Military Cadres 'Bewildered' Over Weapons Sales Abroad

PY1904000195 Buenos Aires LA PRENSA in Spanish 15 Apr 95 p 10

[Article by Sergio Moreno]

[FBIS Translated Text] Top Army cadres have begun expressing profound misgivings following reports that some of the Argentine weapon shipments sold abroad to Ecuador and Croatia were supplied by the Army arsenal.

According to military sources contacted by LA PRENSA, the anger grew to such a point that various officers—colonels and lieutenant colonels—traveled last weekend (between 8 and 9 April) to Rosario from Cordoba to contact Army comrades as well as Navy and Air Force officers to discuss this issue.

The officers, bewildered and passionately voicing their opinions, reportedly said in Rosario that the artillery guns—both the 105 mm Otto Melara guns made in Italy and the 155 mm Citer guns—were part of a battery placed at the 3d Army Corps headquartered in Cordoba.

The officers are fairly convinced that the artillery battery that was dismantled for shipment abroad was specifically part of the 4th Airborne Brigade of that corps, and that it was reportedly packed for shipment by 4th Airborne Brigade officers.

Discussions about whether or not the Army has been involved in Argentine weapons sales abroad through third countries have been going on for nearly a month. Reports concerning the kinds of guns and ammunition from the Army stock that had been shipped to Ecuador or Croatia began spreading on 20 March. As of 20 March the Army headquarters and the Defense Ministry itself began their official or unofficial denials, confirmations, and contradictions. The turning point was marked on 7 April by Division General Ernesto Juan Bossi, the Army secretary general, when he reported the existence of an agreement signed between the Army and the Military Industries [FM]. According to this agreement, the FM could dispose of Army war materiel. Bossi also used this opportunity to confirm that a significant number of weapons had been delivered to the FM, without mentioning purposes, exact number, and their types. On the following day General Martin Balza, the Army chief of staff, denied Bossi's remarks. Bossi himself supported Balza's denials. To cap it all, Defense Minister Oscar Camilion said on 12 April that "the guns are where they

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are supposed to be," referring to the military factory in San Francisco, Cordoba Province.

But the comings and goings of the official remarks did not make any impression on the humor, which was actually fairly foul, of the group of young officers who travelled to Rosario last weekend. A source close to this group of young officers said: "The Army leadership's attitude is brewing another Operation Dignity (referring to past movements headed by Aldo Rico and Mohamed Ali Seineldin), with the difference that this time the boys are not painted faces. They are angry because an entire battery has been stolen, and it is not known who cashed the money. While a colonel barely earns 1,500 pesos, a smart aleck is becoming a millionaire with Army property."

The bewildered officers are aiming at 10 high-ranking generals, and especially at an adviser to the Army General Secretariat who in their opinion "masterminded the operation."

Even though the contacts between Army officers and their Air Force and Navy counterparts were held secretly, the top military cadres are aware of them. The top military cadres are also aware of the fact that the young officers' concern could spread among officers from the three branches of the Armed Forces, who are united by the common factor of low salaries, scarce funds for operating the barracks, and the special animosity existing in the Navy's mid- ranking officer cadres in the aftermath of the Scilingo case.

Opposition Leader: Menem Yielded to U.S. 'Blackmail'

PY1904032695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1847 GMT 18 Apr 95

[FBIS Translated Text] Buenos Aires, 18 Apr (NA)—Radical Party [Radical Civic Union] presidential candidate Horacio Massaccesi today accused the Carlos Menem administration of "surrendering to foreign pressure that forced the government to veto the Patents Law in exchange for a handful of dollars."

"Menem finally surrendered to the blackmail of the powerful, and handed out a portion of the national interests in exchange for some dollars. Now we understand very clearly what carnal relations really means," Massaccesi said.

The UCR candidate made these remarks shortly before departing for Buenos Aires from the Posadas airport in Misiones Province, where he carried out diverse activities throughout the province within the framework of the electoral campaign.

Massaccesi also said that "the presidential veto of the Patents Law is just one more indication of the situation of economic emergency affecting the country," stressing that the government "relented in a servile manner because of the need to obtain foreign funds, and gave away the people's interests in exchange."

Last week Massaccesi sent an open letter to the head of state demanding the promulgation of the Patents Law and resisting "possible pressures" from abroad.

Cooperation Agreement Signed With Spain

PY1804192495 Buenos Aires CLARIN in Spanish 5 Apr 95 p 53

[FBIS Translated Text] Within the framework of an agreement on scientific and technological cooperation, Spain and Argentina have signed an accord to jointly assess the development and implementation of joint projects in the fields of institutional reform, training of human resources, modernization of production sectors, and the promotion of culture.

Headed by Jose Luis Dicenta Ballester, the Spanish secretary of state for international cooperation and for Latin America, and by Carlos Zaballa, the Foreign Ministry under secretary for cooperation, the delegations that participated in the monitoring of the various programs met in Buenos Aires. All the proposals implemented two years ago will continue to be implemented—some of them have entered the second phase—and five new proposals would be approved.

The accord included the establishment of a $4-million Mixed Cooperation Fund for 1995. The Spanish cooperation agency's technical office estimates that it is contributing with $12 million per year for cooperation. Dicenta Ballester told CLARIN: "Not only will we continue to implement the joint programs, but we will also implement cooperation projects in other countries."

Dicenta Ballester noted: "Cooperation is more pressing than ever and, for our part, we certainly will continue to be interested. Spain is one of the countries that has made more investments in Argentina. This emphasizes the significance of these actions."

As far as the education area is concerned, a forum on "The University and the Enterprise" has been scheduled for 15 and 16 June. Theoretical and practical crash courses for Argentine officials and professionals will also continue to be given in Spain and various scholarship programs (ICI, Mutis, Intercampus, and Ibercomet, among others) will continue to be implemented. In 1994, 106 Spanish students were in Argentine universities and 208 Argentines traveled to Europe. During 1995, 444 scholarship recipients [not further specified] will arrive.

Bolivia

Central Bank President on Money Laundering

PY1804185895 La Paz PRESENCIA in Spanish 8 Apr 95 p 7

[FBIS Translated Text] Bolivian Central Bank President Fernando Candia told PRESENCIA yesterday that effective measures for preventing money laundering from drug trafficking can be implemented without the need for lifting the bank secrecy.

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He added: "The principle of bank secrecy and the measures (whatever they are) for preventing money laundering are absolutely different things."

Candia explained that the measures must deal directly with economic transactions, but that this does not mean affecting the security and trustworthiness of the people who have savings accounts in the Bolivian banking system because they are members of "very dignified" families who have nothing to do with drug trafficking.

After talking about the differences between bank secrecy and the measures against money laundering, Candia said bank secrecy is one of the basic principles on which all banks around the world operate.

Asked about the charges by Deputy Mario Rueda to the effect that the U.S. Administration reportedly presented to the Bolivian Government a "very harsh" project for lifting the bank secrecy on the Bolivian financial system to fight money laundering, Candia said he was "absolutely" unaware of it.

He also said "there is no external pressure in this regard," but that if there is in the future, the Bolivian people, and particularly those with savings accounts, should not "worry" because they will not be affected at all.

Candia criticized reports stating that the probable lifting of the bank secrecy would create a collapse of the financial system because those with savings would panic and run. Candia said that those with savings "are members of very dignified families who have nothing to do with drug trafficking" and whose financial operations are legal and clean. He added that the only ones who should or would worry are those linked to illegal activity.

Police Arrest Labor, Coca Leaders in La Paz, Cochabamba

PY1904035195 Madrid EFE in Spanish 0223 GMT 19 Apr 95

[FBIS Translated Text] La Paz, 18 Apr (EFE)—The police tonight broke up a meeting of the Bolivian Labor Federation (COB) and arrested several of the organization's leaders.

The operation occurred at approximately 2115 (0115 GMT). The arrests were made in the building owned by the Factory Workers Federation on the Plaza San Francisco de la Paz.

The arrests occurred minutes after the end of a meeting of national COB leaders to analyze the results of negotiations with the government mediated by the Catholic Church.

There are differing reports on the whereabouts of COB Secretary General Oscar Salas. Some reports say he was able to leave the building. According to Radio Fides of La Paz, Salas was seen entering a police vehicle, together with other labor leaders, with his hands behind the head. The arrested leaders were put into Ministry of the Government vehicles, which departed the scene with an unknown destination.

Some El Alto residents said that the city's military airport was unusually busy at that time, presumably to receive the labor leaders and send them to towns located in the north of the country, where they would be confined.

A few hours earlier, sources in Cochabamba reported the arrest of some 20 coca producing peasants. The list included coca producer leader Evo Morales.

Tarija Leaders Charged With 'Terrorist Activity' Freed

PY1804161195 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 18 Apr 95

[FBIS Translated Excerpt] All five regional leaders arrested at dawn yesterday were released that same evening by order of the Tarija Department mayor.

Four regional leaders were freed as the sun was setting in Tarija. A few hours earlier, taking advantage of the fact that the prison guards were distracted, and while the mayor and the former president of the civic committee were carrying out negotiations, Mrs. Yola Valdez, president of the San Lorenzo Civic Committee, slipped out of prison.

The order to release the arrested leaders allegedly came from La Paz.

In the early afternoon a crowd of people who tried to reach the headquarters of the Technical Judicial Police [PTJ] to demand the release of the individuals who had been arrested was dispersed with tear gas bombs.

The civic committee held a meeting after its leaders were released to assess the situation, and the civic reaffirmation march to be held in Tarija as of 0900 today was reconfirmed.

From dawn until dusk yesterday the situation in Tarija was one of real strain, because the homes of five local leaders were raided and they were arrested on the charge of engaging in terrorist activity, while others went underground.

The Tarija civic committee stated that the government minister had said that once the town meeting had been held, the dialogue would start, however, the dialogue only turned out to be reinforcement with Army troops from Tupiza, the Third Army Division in Villamonte, and Government Ministry Under Secretary Hugo San Martin, who was headquartered at the Fourth Air Brigade.

Two demonstrators and one policeman were injured during the demonstration held at the PTJ headquaraters. [passage omitted]

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Coca Growers Make Voluntary Eradication Conditional

PY1804183295 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 17 Apr 95

[FBIS Translated Text] The coca growers of Chapare have accepted the voluntary eradication by 30 June of 1,750 hectares of coca, which are used in cocaine production, but under six conditions. If the government does not fulfill the conditions, the peasants will blockade roads, said peasant leader Evo Morales.

The coca growers, who held a meeting over the weekend, first demanded that in addition to the $2,500 per hectare of eradicated coca paid by the government, the peasants also receive an undetermined amount of money, to be used by the people in Chapare under the management of the state.

The second condition is that the government stop the alleged militarization of the Chapare, which has been denied by the government, and that the Military Geographic Institute stop the registration of properties which began today. The third condition is that the government immediately meet the demands made by teachers calling for the annulment of the Educational Reform Law. The Trotskyist leaders of the teachers are trying to achieve this through a strike and violent demonstrations, which are now in their sixth week.

Fourth, the coca growers also demand the restoration of the dissolved Ministry of Campesino Affairs because the agrarian and peasant matters are in complete disorder in the executive branch, said Evo Morales. The fifth condition is that the government fulfill the agreements signed last September, in which the government promised to carry out an international campaign to depenalize coca and review the draconian antinarcotics law.

And sixth, the peasants conditioned the eradication of 1,750 hectares of coca on whether the international community provides enough money for the Bolivian balance of payments. Evo Morales said, however, that the last condition is still being debated.

Military Starts To Register Property in Chapare

PY1804180095 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 18 Apr 95

[FBIS Translated Text] Military officers have started to register the property in Chapare. It is estimated this job will take two years.

Four reconnaissance brigades of the Military Geographic Institute have started the first phase of the project to register 200 hectares of property in Chapare region and in three other provinces of Cochabamba Department.

The commander of the Military Geographic Institute, General Juan Verduguez, explained that these working groups are comprised of Army specialists, noncommissioned officers, and sergeants, as well as soldiers trained to do this sort of job.

According to Gen Verduguez, some 50 to 60 officers will participate in this first reconnaissance phase, according to the needs that may arise.

Brazil

Cardoso, Clinton To Discuss Nuclear, Space Accords

PY1804195295 Sao Paulo AGENCIA ESTADO in Portuguese 1523 GMT 18 Apr 95

[Report by Odail Figueiredo]

[FBIS Translated Text] New York, 18 Apr (AE)—Presidents Fernando Henrique Cardoso and Bill Clinton will discuss a nuclear cooperation agreement and a space cooperation agreement during their 20 April meeting. No agreement will be signed in the immediate future because the talks started only 15 days ago following a U.S. proposal. Strategic Affairs Secretary Ronaldo Sardenberg said: "There has not yet been time to move any further in this matter." He said President Cardoso will tell President Clinton that Brazil has welcomed the U.S. proposal and that the discussions will be based on it.

Cardoso Says Patent Bill Delay Not To Affect Visit

PY1804180395 Sao Paulo AGENCIA ESTADO in Portuguese 1504 GMT 18 Apr 95

[Report by Odail Figueiredo]

[FBIS Translated Text] New York, 18 Apr (AE)—Upon his arrival in New York early this morning, President Fernando Henrique Cardoso said that he does not believe the Brazilian Congress delay in approving the patent bill will adversely affect his visit to the United States. He said: "The Brazilian Government has a clear position regarding the patent bill. We have been trying to have it passed for quite a while. Yet, the issue falls within the jurisdiction of the Congress." Cardoso reaffirmed that he is not going to ask anything from the U.S. Government. He added: "Our talks with the U.S. Government will be held within the context of the mature relations existing between the two countries." Before leaving for Washington tomorrow evening, Cardoso will meet in New York with U.S. businessmen and investors.

Editorial Views Cardoso's U.S. Visit, Proposals

PY1804155695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Apr 95 p A3

[Editorial from the "Notes and Information" page: "The President in Washington"]

[FBIS Translated Text] During his first major international visit—the visit to Chile was just a sentimental

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one—President Fernando Henrique Cardoso will put to the test his idea of creating mechanisms to prevent financial crises like the one suffered by Mexico, which would destabilize national economies as a result of the sharp changes they bring about in terms of the exchange rates and stock markets. It is always good for a president to promote global issues that could help him earn support. It would be even better if there were real, concrete chances of secing the idea materialize. What the president will propose to the U.S. Government will entail nothing but good intentions that are not in keeping with reality because, in a letter addressed to President Clinton, Cardoso himself recommends "a greater coordination of macroeconomic policies" at the global level. It would suffice to focus on domestic issues and assess the role played by the president and his ministers —who are in confrontation with a Congress that is not united and that represents a myriad of minor interests—to see that Cardoso could not implement at home what he is recommending now to the world. If it was not possible to persuade a group of senators about the need to approve the patents bill so that he could present it as a victory trophy in Washington, how could he persuade the world to adopt tighter controls on more volatile, powerful interests?

The message the president of the Republic will convey to President Clinton and to 13 other heads of government and state he is scheduled to visit in the next few months is thus significant as far as his voicing his concern about a financial variable which, in recent years, has acquired such great dimension and autonomy that it has provoked the bankruptcy of less structured countries that are vulnerable to speculative operations by private groups. Because this is a "sensitive" issue, great attention will be paid to the talks even though the counterparts are aware of current insurmountable obstacles for building collective mechanisms of defense against sharp fluctuations in derivative markets. The only solution today would be to restrict the entry of this capital into national stock markets—but everyone knows that this would be impossible because no one, not even President Cardoso, is willing to assume the risks of the loss of possiblities represented by stemming the capital inflow.

President Cardoso's visit to the United States will not be limited to this issue, however. The great message he could deliver to the U.S. Government, politicians, and businessmen deals with the qualitative transformation that has taken place in Brazil in recent years. He could convey the image of a country that has regained self-confidence and that is growing vigorously and consistently despite the difficulties represented by the constitutional structure and by an inadequate, burdensome state apparatus, and that is offering opportunities to everyone who may endorse the pledge Brazilians have made to build a better future. Cardoso will address opinion builders and investment advisers in some of the most prestigious institutions of Washington and New York. Even before an audience of academicians, he will assume the solemn role of president of the Federative Republic of Brazil. He has a role to play; that is, to convey to decisionmaking centers of a country accustomed to seeing Brazil depressed, demoralized, and unreliable the current picutre of a Brazil that takes pride in its laboriousness and in its quest for solutions that would best suit its interests.

The president's schedule of foreign trips testifies to his praiseworthy desire to make Brazil a key international player. This goal will not be achieved if Brazil continues to passively wait for the world to recognize its specific weight and the negotiating ability of Brazilian diplomats. To make its voice heard where it counts, Brazil will have to participate and to assume commitments. Does it want to influence global economic decisions? Let it pave the way for joining the OECD. Does it want to influence world political decisions? Let it fearlessly assume the consequences of participating in the dispute concerning the reform of the UN Charter. Does it want to become a center for generating stability? Let it endorse the international regimes for nonproliferation and enthusiastically participate in peacekeeping missions.

Cardoso's counterparts will tell him that Brazil will have to pay a price for becoming a world player, and will ask him whether the Brazilian Government is willing to pay such a price. The price will not include any form of relinquishment of sovereignty or identity, but there will be no way of not assuming a commitment to observe a minimum of standard essential behavior so that Brazil can openly conform to the trends and ideas that are shaping history today. If President Cardoso succeeds in conveying to President Clinton and his aides, as well as the American people, the impression that Brazil is committed to modernity, the visit will bring dividends to Brazil.

U.S. Pharmaceutical Companies' 'Hostile' Ad Causes Concern

PY1904031195 Sao Paulo AGENCIA ESTADO in Portuguese 2317 GMT 18 Apr 95

[Report by Paulo Sotero]

[FBIS Translated Excerpt] New York, 18 Apr (AE)—President Fernando Henrique Cardoso today said that the hostile advertisement against Brazil that was published in two U.S. newspapers at the request of the pharmaceutical industry "is so hugely unfair that there is no possibility of commenting on it." He made this comment upon leaving a luncheon he had participated in with 21 presidents and high-ranking executives from the largest U.S. industrial and financial companies. Brazilian Ambassador to Washington Paulo Tarso Flecha de Lima answered the attacks through a letter to the newspapers.

President Cardoso understands that the advertisement in which Brazil is called "a patent pirate country" does not reflect "the ideas of the U.S. Government or of its people." The quarter-page advertisement was published

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by THE WALL STREET JOURNAL and THE WASHINGTON POST. The attack filled the members of the presidential entourage with sorrow. [passage omitted]

Senator Antonio Carlos Magalhaes (Liberal Front Party, Bahia State), who is accompanying President Cardoso as president of the Senate Foreign Affairs Committee, said that the pharmaceutical industry's initiative "was not constructive." He predicted, however, that the new Industrial Property Code would be approved this semester.

The attack by the pharmaceutical lobby caused great grief in the official Brazilian entourage because of the impoliteness and gross error of the advertisement. The text asks Washington to deny financial assistance to Brazil, which is something that President Cardoso was not going to ask for during his visit.

Ambassador Flecha de Lima has refuted the accusations in a letter to the two newspapers. In the letter the ambassador says that the U.S. pharmaceutical industry remains faithful to "its old reputation of misinforming the people, when not engaged in pure intrigue." He called the leaders of the pharmaceutical industry liars, and questioned their moral standards.

Although the lobby's initiative is not expected to have significant consequences, members of the Brazilian entourage have indicated that it would be appreciated if apologies for the discourtesy were presented. [passage omitted]

Thomson Representative: Sivam Technology 'Obsolete'

PY1904024795 Sao Paulo AGENCIA ESTADO in Portuguese 2132 GMT 18 Apr 95

[By Mara Bergamaschi]

[FBIS Translated Text] Brasilia—Daniel Henner, the representative in Brazil of the French enterprise Thomson, today said that the technology chosen by the Aeronautics Ministry for the Amazon Region Surveillance System (Sivam) is obsolete and economically unfeasible. "The air control system that all countries will use in 2000 is not included in the Aeronautics Ministry specifications for Sivam," Henner said during a briefing at the Chamber of Deputies Committee for the Defense of Consumers and for the Preservation of the Environment.

A partner of the Aeronautics Ministry for two decades, Thomson supplied the Dacta radar system, but lost the contract for supplying the radars for Sivam—a $1.4 billion deal—to the U.S. company Raytheon. According to Henner, the currently available radar technology—which is called OTH (over the horizon)—permits a "substantial" reduction in project costs.

Asked by PV [Green Party] Deputy for Rio de Janeiro Fernando Gabeira—who summoned Henner to the committee—whether the delays in the signing of the Sivam contract could benefit Brazil, as the country would have an opportunity to review the contract, Henner said yes. By Gabeira's estimates, with the new system Brazil can save $800 million if it chooses OTH.

According to the French enterprise representative, a single OTH radar—a technology that is already available in Europe, the United States, Australia, and Japan—can monitor 4 million square kilometers. "While five radar planes monitor 400 sq km per hour, an OTH radar monitors a much larger area, 24 hours a day," he said. Henner explained that when the Sivam project was set in motion four years ago, the OTH system was available only for military purposes.

"It is obvious that if the Aeronautics Ministry had presented in 1993 specifications for the new equipment, we would have met the requirement," Henner noted. He added that Thomson continues to be willing to offer "modernization criteria" to the Aeronautics Ministry. The Aeronautics Ministry has stated that Sivam can adapt itself to the new system. The OTH system, Henner said, would fulfill the three objectives of Sivam: control of commercial air routes, monitoring of the Amazon region environment, and repression of illegal flights, which are particularly linked with drug trafficking.

Irregularities

Henner claimed to be unaware of the irreglarities in the process for the selection of Raytheon, and did not comment on the accusations published by the French press that Raytheon "won the tender with the help of CIA spies." He evaded the topic by saying that "the subject was addressed by the French Government."

Raytheon's communications director Patrick Coulter attended part of Henner's briefing. Coulter and Henner passed each other without exchanging greetings. Concerned about defending Raytheon's image, Coulter denied the existence of charges—which were reported in documents signed by Deputy Gabeira—against his enterprise. "Raytheon is an ethical enterprise," Coulter said.

In the morning of 20 April the committee will listen to Raytheon Vice President James Carter, and in the afternoon to ESCA [Automation and Control Systems Engineering] President Steve Ortiz.

Carvalho Views Reforms, Privatizations

95SM0272A Brasilia CORREIO BRAZILIENSE in Portuguese 20 Mar 95 p 4

[Interview with Clovis Carvalho, minister-chief of the Civilian Household, by Vicente Nunes and Wladimir Gramacho; place and date not given: "Minister Rejects Role of Coordinator."]

[FBIS Translated Text] **The minister-chief of the Civilian Household, Clovis Carvalho, whose chief function is supposedly that of being the connecting link between the**

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executive and legislative branches, has become the subject of almost unanimous opinion among the parties supporting President Fernando Henrique Cardoso's administration. He is accused of not paying enough attention to congressmen, of hampering the distribution of jobs, and of making relations between Planalto Palace and the National Congress difficult. "He is still just learning," says Senator Antonio Carlos Magalhaes (PFL [Liberal Front Party], Bahia) after reeling off a list of criticisms of the minister. In an exclusive interview with CORREIO BRAZILIENSE, Carvalho makes a surprising statement: "I am not the administration's political coordinator," he says, revealing at the same time that he does not feel very comfortable in that job. According to the minister, that task is carried out by a collegial body in which all the members of the Political Council—the government leaders in the Chamber of Deputies, the Senate, and the Congress and the presidents of the allied parties under the command, obviously, of the president of the republic—participate. Despite being at the center of the verbal shootout that has occupied news columns in recent weeks, he does not feel pressured. "That is part of the political game," he says and changes the subject. According to him, all his actions since taking over his job on 1 January have had Fernando Henrique's support. In his opinion, it is still far too early to feel that relations between the administration and Congress have deteriorated. "It is still far too early—only a little over 30 days have passed since the current legislature began," he says. And he claims that the reform of social security and the privatization of firms engaged in activities unrelated to the state's role are irreversible.

[CORREIO BRAZILIENSE] How are the reforms going, Mr. Minister?

[Carvalho] The reform is going well, at the pace that is typical of Congress. We are gradually coming to feel that society's support will make itself felt and that the congressmen will seek an agreement. We have now completed the social security amendment and are sending it to Speaker (of the Chamber of Deputies) Luis Eduardo.

[CORREIO BRAZILIENSE] What is the principal change in social security?

[Carvalho] Actually, there are several changes linked to the objective of making social security workable. The diagnosis of the situation in social security today indicates that there is an imbalance between the program of benefits to be granted and the total contributions giving rise to those benefits. If things continue the way they are now, social security will become unworkable in the very near future. It is already experiencing difficulties. Even though collections are increasing, benefits are increasing disproportionately. So our prognosis is that if we do nothing, our children will not have social security. It is necessary to think ahead a little. The idea is that if the change is approved, there will be an appropriate balance between the system of contributions and the benefits. We also need to take away a few privileges—journalists, for example, have a special retirement age. The Constitution provides an earlier retirement age for dangerous occupations. But you have those distortions: an oil worker in the Campos Basin, who may be exposed to real risks, has the same benefits as someone who works in accounting.

[CORREIO BRAZILIENSE] Is it difficult to reach agreement with Congress?

[Carvalho] The legislature is 30 days old. With this Congress, it is far to early to draw the conclusion that things are bad and permanent. Relations between the administration and Congress are going very well. The wave of newspaper reports that I read saying that various deputies are dissatisfied with the distribution of jobs and that the administration is insensitive—what jobs are they talking about? Which jobs have been filled if this is a process—an administration of continuity? President Fernando Henrique said even before taking office that there was not going to be a race for jobs. We are looking at them on a case-by-case basis. If the person already in the job is competent, suitable, and in tune with the program, there is no reason to change.

[CORREIO BRAZILIENSE] You do not seem bothered by the criticism being leveled at you for representing a bottleneck in the administration's relations with Congress.

[Carvalho] No, especially since we know perfectly well that nothing of that kind exists.

[CORREIO BRAZILIENSE] Do you feel pressured?

[Carvalho] No, because I am familiar with the program that President Fernando Henrique has established. And I am going along with that program. Obviously it is not pleasant to have people talking against you, but that is part of public life—part of the political game.

[CORREIO BRAZILIENSE] Are you also not disposed to give in on the issue of handing out jobs?

[Carvalho] No, I'm not, especially since I'm not the one who distributes jobs. The one who does that is President Fernando Henrique.

[CORREIO BRAZILIENSE] Yes, but as minister-chief of the Civilian Household, you are the president's right-hand man.

[Carvalho] No doubt. My job is to coordinate the administration's actions, so it depends on that joint action. You ask if things will be different because of criticism. That is not the way to go about it. It would mean an admission by us that we are not acting in accordance with the public interest. If something is not in the public interest, we will not do it. We are going to carry out this process the same way we did in the case of stabilization. This means that everything is a sequence of actions. Persistence in a firm direction is what will lead to a consolidation of success. The presidents of the parties are members of the Political Council, along with the

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leaders, and they are in permanent contact with the president of the republic and, therefore, with the administration. It is through him that the best minds should be recommended for occupying public posts. In addition, the blocs in Congress are also working and seeking consensus, and things would be easier for us if everybody would say "there is no dissension; this guy is the best for that position" and then submit his name to the president of the republic for his opinion.

[CORREIO BRAZILIENSE] Do you feel comfortable in your position as the administration's coordinator with Congress?

[Carvalho] The mission assigned to the Civilian Household by the president is essentially that of government coordination. Unlike the situation in other administrations, the Civilian Household was not designed to act primarily as the political interface. In this administration, it does not. You ask whether I feel comfortable. No. I am not the administration's political coordinator. Political coordination in this Fernando Henrique administration, at least for the moment, is being handled by a collegial body. The presence of the government leaders in the legislative branch means the presence of more political coordinators. If someone is needed to make the final decision, that someone is, for the moment, the president. If you ask me whether I feel comfortable as political coordinator, I will answer that there is no point in my feeling comfortable because I am not the political coordinator. I receive any congressman who asks me for a meeting. It is all part of a learning process.

[CORREIO BRAZILIENSE] But doesn't that learning process hamper to some extent the progress of those constitutional changes which the administration intends to make?

[Carvalho] Whether one likes it or not, the process is going to take place. It is people who must learn more quickly perhaps. The measures are already there. We are calm, attentive, working like mad, and trying to put out the fires of dissatisfaction. And trying to explain, because sometimes it is the unknown—uncertainty—which causes dissatisfaction.

[CORREIO BRAZILIENSE] In the timetable established for submitting the proposed constitutional amendments, does fiscal reform come last?

[Carvalho] For the moment, the idea is that the next step of reform will involve all measures of a tax nature. Fiscal reform, which deals with public spending, still requires that we do a few things to ensure the structural conditions for stability.

[CORREIO BRAZILIENSE] Did the president's meeting with leaders of the government-owned firms also deal with reform of the Constitution?

[Carvalho] No. There the president took the opportunity to place the government-owned firms in the context of reforms to the economic order. For example: "You leaders of government-owned firms, you must not forget that you are the government and, therefore, that you must be in step with the government's policy guidelines."

[CORREIO BRAZILIENSE] Among the government-owned firms, was there any direct target—one that is not going along with the group?

[Carvalho] No. The statement was "generic." But the president did give a final, very important message: "This is for real; we are not playing. And anyone who does not want to get in line had better start checking around with his friends."

[CORREIO BRAZILIENSE] Does this mean that anyone who does not get in line may be included in the privatization program?

[Carvalho] We are not playing a game of losers and winners. We are playing a win-win game. If there are firms that do not get in line, we will replace their boards of directors. There will be none of this business of a shareholder saying what he wants from the firm and doing what he wants. None of that. The firms need to reduce their spending. Our biggest difficulty is in the fiscal area. That is the biggest threat or difficulty facing the stabilization program. So they must get in line. And do so enthusiastically. The president is convinced that ordering people to get in line is not punishment.

[CORREIO BRAZILIENSE] Are all 27 of the firms in attendance considered essential to the administration's business plan, or are they running the risk of being privatized?

[Carvalho] We are not talking about a risk of privatization. Privatizing is not a risk; it is an excellent opportunity. The administration has made a decision to privatize all firms that do not contribute to the essential function of the state. If a firm is not essential, it will be privatized.

[CORREIO BRAZILIENSE] What about the electric industry?

[Carvalho] Is providing electricity of good quality and at a low cost a function of the state? It does not need to be. The time is past when the state had responsibility for the infrastructure. Nowadays it does not need to. The private economy is sufficiently alive and rich to generate electricity and supply it to the public. The state's job is to regulate the level of service, its quality, and its universal availability. All of that is a function of the state because it involves a public service. But the state does not need to provide anything of that nature itself. We have valuable assets that no longer need to belong to the state. We are going to sell them to pay off the debt and generate funds for health, education, and science and technology, which it is the state's duty to provide for.

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[CORREIO BRAZILIENSE] What are the priorities in privatization? Is the Meridional Bank on the list?

[Carvalho] We are now getting the Meridional Bank ready. We are going to privatize the Meridional Bank this year.

[CORREIO BRAZILIENSE] Do you already have an idea of what it is worth?

[Carvalho] No. At this moment it is in the process of being appraised. And in the case of the Meridional Bank, we want to do this very accurately, because appraising a bank is different from appraising a firm that produces, has inventories, and so on.

[CORREIO BRAZILIENSE] The Meridional will be the first bank to be privatized in Brazil. Do you have any idea whether foreign capital is interested in our country's financial system?

[Carvalho] I am absolutely certain that it is interested.

[CORREIO BRAZILIENSE] Is the Meridional Bank clearing the way for all the other banks now under state intervention?

[Carvalho] It is not that it is clearing the way. It will be one of the first examples of privatization. The Ceara State Bank—which Governor Tasso Jereissati has decided will be privatized—may follow the same path. It depends on circumstances. Privatization is not the only solution.

[CORREIO BRAZILIENSE] They may not be privatized?

[Carvalho] Maybe not. If that is not the best solution. And if the majority shareholder does not want it to happen.

[CORREIO BRAZILIENSE] Did you go to the Central Bank last week to put out a fire? What are relations like between Gustavo Franco (director of the foreign area) and Persio Arida (Central Bank president)?

[Carvalho] The chief of the Civilian Household is not a fireman. I took part in meetings at the Central Bank every day that week because it was a week in which changes were occurring. Since I am a member of the Chamber for Economic Policy, it was completely reasonable for me to be there. As far as collections are concerned, I don't know of any irregularities or about any mistaken positions that the Central Bank may have taken. There was agitation and a speculative run on the bank. Many people challenged us to that race (laughter), but this time we won over them, and they lost.

[CORREIO BRAZILIENSE] How about the measures to contain consumerism, Mr. Minister? Is it possible that there will be more?

[Carvalho] We are never going to say that there is nothing to do. Our approach is that of permanently monitoring and watching over the program. Any time we feel that we must do something, we will do it. Will there be more? There will. When? When the time is right.

[CORREIO BRAZILIENSE] What about money for health: will it have a guaranteed source?

[Carvalho] If it were up to me, no. The state's fiscal structure and its structure of expenditures need to be completely revised. Society needs to say what kind of state it wants.

Where the Constitution says that health is a universal right, everyone has taken that to mean universal and free, even for those who can afford to pay. Is that really what society wants? If you belong to a health plan and still go to a public hospital, that is not fair.

The administration needs more flexibility for implementing, in its decisions, the priorities that society wants. The fact is that out of every 100 reals it collects, the administration has only 10 reals that it can spend as it wants. The rest is mandated money.

[CORREIO BRAZILIENSE] How can the administration solve that problem?

[Carvalho] It is beginning by restoring a balance between contributions and benefits. But on the other hand, they have ordered that after making contributions for six years, a minimum wage must be paid to every retired agricultural worker. Where is that money going to come from? Do you know who is paying for it? The urban worker. And more besides. The result is that they are burdening payrolls and causing the informal economy to grow. Sometimes it may appear that we are cruel.

The cardinal of Sao Paulo (Paulo Evaristo Arns) has said that we are neoliberals and other drivel like that. When President Fernando Henrique talks about yakety-yak, the purpose is to put a stop to that discussion of labels.

Let us talk about objective things. Now, isn't it absurd that the church is exempt from paying social security contributions on its employees? When church employees retire, they receive (benefits); the only thing is that the church does not pay. Do you know who is paying? We are. That does not make sense.

Israeli Arms Sale to Peru Alleged

95SM0272C Brasilia CORREIO BRAZILIENSE in Portuguese 18 Mar 95 p 10

[Article by Roberto Lopes: "Israel Sells Arms to Peruvian Army"]

[FBIS Translated Text] The Israeli arms industry sold arms to the Peruvian Army last month while the fighting between Peruvian and Ecuadorian soldiers was still going on.

That information was provided by Israel's military attache in Brazil, Colonel Dov Israeli, to members of the Israeli Embassy in Brasilia. Israeli also acts as military attache in Lima, Peru, from where he recently returned.

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Last January, Israeli commented to members of his embassy in Brazil about a news item in CORREIO BRAZILIENSE concerning the Peruvian interest in modernizing old Soviet-made T-54 tanks with the help of the Israeli firm Mimda.

Israeli consulted the arms industry in his country and authorities at the Israeli Ministry of Defense.

He received the same recommendation from everyone: make sure that the Peruvian Armed Forces have the necessary funds for carrying out their reequipment project. In the international arms market, the Peruvian Government has the reputation of being a bad payer.

Actually, that is not a "privilege" of the Peruvians. Early this year, a sales executive for the British firm Alvis confided to one of his country's diplomats that Venezuela had not been making regular payments on a batch of Scorpion light tanks that had already been delivered.

During its recent border conflict with Ecuador, Peru also acquired arms from Russia. The remarkable thing about the transaction with Israel is that the Israelis have a close relationship with the Ecuadorian Air Force and Navy.

Alcantara Launch Site Opens to Foreigners

95SM0272E Brasilia CORREIO BRAZILIENSE in Portuguese 12 Mar 95 p 20

[Article by Joaquim Monteiro: "Alcantara Base Opens to Foreigners"]

[FBIS Translated Text] The Alcantara Launch Center (CLA) in Maranhao, operated by the Ministry of Aeronautics, is going to be made available for use under lease arrangements by countries engaged in aerospace activities.

Within the next few days, Minister Mauro Gandra will establish guidelines covering the technical conditions at the center's facilities and launch options for each class of rocket.

With this initiative, the Ministry of Aeronautics is placing the Brazilian space complex among the world's most modern launch centers and enabling it to compete internationally.

Countries such as the United States, Great Britain, and Russia have already expressed an interest in using the facilities at the Alcantara base to launch atmospheric probe rockets into the airspace of the Americas.

Last year, according to General Jose Elislande Bayo de Barros, director of the Department of Research and Development in the Ministry of Aeronautics, NASA launched 36 meteorological prospection rockets from the CLA's platforms.

Confidence—In the general's opinion, the preference shown by an agency as big as NASA demonstrates the confidence the Americans have in the facility.

The launch operations were part of an exchange agreement signed between NASA and the Brazilian Space Agency (AEB), which has replaced the former Brazilian Commission for Space Activities (Cobae).

Profit was not the motive behind use of the site. Fuel and third-party services were the only expenses reimbursed. The operation reportedly cost the Americans about $15 million.

The launches in question, known collectively as "Operation Guara," involved 75 technicians and scientists from NASA and 280 Brazilian technicians and researchers from the CLA and the National Institute of Space Research (INPE).

In General Elislande's opinion, it was an important test of the Alcantara complex's technical expertise in the launching of small and medium-sized rockets.

Location an Advantage

The location of the Alcantara base, which is close to the equator, makes possible a 25-percent savings in fuel compared to launches from Cape Canaveral, Florida, in the United States.

Launches from Alcantara are from 25 percent to 30 percent more economical than those made from the centers in Baikonur, owned by Russia, and Kourou, French Guiana, which belongs to the French and from where Brazil launched its first satellite, Brasilsat, in 1985.

The Brazilian center covers an area of 520,000 square meters in the municipality of Alcantara, a fact that benefits it from the standpoint of operational safety.

It has a landing strip capable of handling large aircraft and accommodations for up to 600 people.

The clearly defined rainy season in the region, winds that are predominantly within acceptable limits, and a temperature that scarcely varies are other factors making the center one of the best located of all those existing around the world.

Disadvantage—Maritime traffic in the port of Itaqui on Sao Luis Island is always a hindrance to launch operations, with the result that the Maranhao Port Authority bans ship movements during those operations.

A coastal ship flying the Greek flag recently ignored the port authority's warning to stay away from the area, thus forcing the CLA command to delay the launching of a Sonda III rocket and causing considerable financial loss for the Ministry of Aeronautics.

The Satellite Launch Vehicle (VLS)—the main project of the Complete Brazilian Space Mission (MECB)—is scheduled to go into operation in July 1996.

Efforts To Reactivate Engesa Unsuccessful

95SM0272B Brasilia CORREIO BRAZILIENSE in Portuguese 16 Mar 95 p 16

[Article by R.L.: "Judge Quashes Maneuver To Reactivate Engesa"]

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[FBIS Translated Text] A maneuver by the Army to play for time in a Sao Paulo court for the purpose of presenting a partner to help it reactivate the Engesa [Specialized Engineers, Inc.] plant in Sao Jose dos Campos, Sao Paulo, has failed.

The judge of the First Civil Court in Barueri, Sao Paulo, Nuncio Teophilo, did not like the Engesa lease agreement—containing neither money amounts nor time limits—submitted by Imbel [War Materiel Industry] (a firm linked to the Army), since it was no more than a statement of intentions.

Engesa was once the largest supplier of military vehicles for the Army—and one of the world's largest in that field—but it filed for bankruptcy in October 1993 while still owing the Army nearly 1,100 armored vehicles.

At the end of last year, the Army purchased 36 cannon and 24 81-mm mortars from the British firm Royal Ordnance—at a cost of $35 million—and was hoping that in exchange, Royal Ordnance would be willing to help finance the reopening of Engesa. The operation would reportedly require about $10 million.

Risk—The British have been dodging that promise to the Brazilian generals for almost five years. They argue that investing in the reopening of Engesa without firm orders from the Brazilian Government would mean throwing money away.

Royal Ordnance agreed to have its name appear on the document submitted to the judge by Imbel because it knew that without money values or time limits, it would be rejected. Teophilo is preparing a list of questions to be answered by Imbel and its alleged partners in the undertaking.

If he does not receive objective and convincing answers, he will order the plant in Sao Jose dos Campos sold at auction. The Antonini car body firm and Avibras [Avibras Aerospace Industry, Inc.] are interested in the Engesa facilities, which occupy 50,000 square meters of land along the Dutra Highway.

Imbel Has Negative Image

The British business group British Aerospace—which owns Royal Ordnance along with other companies—has been receiving unfavorable information about Imbel's management.

British representatives learned that the firm had lost an Army contract worth $600,000 last December because it was unable to submit an acceptable proposal by the end of 1994.

The deal involved the sale of 2,000 105mm artillery shells and 1,500 90mm artillery shells. The ammunition is manufactured jointly by Royal Ordnance and Imbel. The two companies operate a joint venture known as South America Ordnance.

Royal delivered the shell components to Imbel's plant in Juiz de Fora, Minas Gerais, in June 1994 and was paid $400,000.

Delay—The Army postponed the contract with Imbel until December because of the delay in approving last year's budget. When it requested Imbel's proposal for concluding the contract to assemble the shells, it received a document that it considered inadequate.

Another fact making a bad impression on Royal's managers and its parent company was the decision by the National Accounting Office (TCU) to investigate the involvement of Imbel's marketing director, Colonel Lucio Pereira, reserve, in bribing a former assignee in the Engesa bankruptcy.

Army Tries to Obtain Delivery of Urutus

The Ministry of Army is going to formally consult the National Accounting Office (TCU) about the possibility of removing approximately 20 nearly completed Urutu armored vehicles from the Engesa plant in Sao Jose dos Campos, Sao Paulo.

The Urutu is a wheeled personnel carrier. The 20 units in question are part of the huge batch—of from 1,000 to 1,100 vehicles—that the ground force has paid Engesa for but has never received. The plant is part of Engesa's bankrupt assets and has been closed for 17 months.

Judge Nuncio Teophilo, who ordered Engesa's bankruptcy, is not opposed to removal of the Urutus, but the Army wants the TCU's approval because it will have to spend about $3 million to finish the armored vehicles, which in fact have already been paid for.

Furnas 1995 Investments in Angra II Viewed

95SM0272D Sao Paulo GAZETA MERCANTIL in Portuguese 30 Mar 95 p 17

[Article by Fatima Belchior: "Furnas Intends To Invest $180 Million in Angra II Construction This Year"]

[FBIS Translated Text] Rio de Janeiro—Furnas Electric Power Plants will hold a public hearing next Monday to present data about the Angra II nuclear power plant, the contracts it wants to sign for the phase of assembling the electrical engineering for the plant, and what it expects from future contractors. According to current legislation, the hearing must precede the bidding process, which is expected to be decided in September of this year.

Holding the hearing is part of the new timetable for Angra II, construction on which has been slowed over the past 10 years—a period during which the nuclear power plant has absorbed total investments of $4.6 billion. This year Furnas is working with the possibility of investing about $180 million in the country's second nuclear power plant, according to Pedro Figueiredo, the firm's manager of thermonuclear generation.

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Beginning next Monday (the date of the hearing), Furnas will have 10 days in which to publish calls for bids on assembling the electrical engineering. According to Figueiredo, this phase of the undertaking will absorb about $100 million. Most of the electrical engineering equipment (75 percent) has already been contracted for: steam generator, reactor vessel, turbines, and other items.

Figueiredo was visited last Tuesday by the manager of Urenco (a uranium enrichment firm with Dutch, French, and British capital), J.A. Baleit, who wanted to know the current situation with Angra II. Urenco is being hired by Nuclear Industries of Brazil (INB), successor to the former Nuclebras, and is responsible for phases of the fuel cycle, including assembly of the fuel element that is contained in the reactor of a nuclear power plant.

Furnas, which is the company operating Angra I, has already hired the INB to provide the fifth fuel load for that plant, according to Figueiredo. Angra I is currently operating at 50 percent of its capacity because as a result of the drop in temperature, the system does not need as much electricity from the nuclear power plant. The plant was operating at full capacity (650 megawatts) during the summer, and the system was also using electricity from the thermal (fuel oil) power plant in Santa Cruz, Rio de Janeiro.

Chile

'Concern' Expressed Over Accelerated NAFTA Talks

PY1904003395 Santiago ESTRATEGIA in Spanish 11 Apr 95 p 6

[FBIS Translated Text] Finance Minister Eduardo Aninat said yesterday there is concern over news that the negotiations for Chile's entry into NAFTA are being accelerated. This disrupts the timetable established by our country.

He said that last Tuesday [4 April], U.S. Trade Representative Mickey Kantor reported to the U.S. Senate Finance Committee that steps will be taken very soon to begin formal negotiations.

The finance minister also cited some newspaper reports that—by the end of May—President Bill Clinton's Administration might submit to Congress a first draft of the fast track [preceding two words in English]. To this is added the beginning, on 25 April, of hearings in the United States to enable unions, institutions, and the people may express their points of view on Chilean interest in joining NAFTA.

Aninat seemed confident over the consensus that Chile generates in the U.S. Congress, although he added: "We must agree on how to begin formal negotiations on 31 March in Toronto, ensuring that the fast track is submitted within the established deadlines."

He added: "There is the problem of the diplomatic, political, and technical issues concerning NAFTA."

The finance minister added that there is no contradiction between Chile seeking entry into this treaty and our resumption of diplomatic relations with Cuba. Aninat said: "On the contrary, we can see that accelerated steps are being taken in the United States in this direction."

National Nuclear Development Plan Approved

PY1904005295 Santiago LA TERCERA DE LA HORA in Spanish 3 Apr 95 p 10

[FBIS Translated Text] The National Plan for Nuclear Development [Plan Nacional de Desarrollo Nuclear] has been approved. This plan was agreed upon by the board of directors of the Chilean Nuclear Energy Commission. To achieve this approval, the appropriate Mining Ministry decree had to be implemented.

All the appropriate rules of the plan were established and attached to the plan in an annex.

The whereas clauses establish that the Nuclear Development Plan was prepared taking into account the country's political and socioeconomic development, and that the country's main objective is to establish a national position concerning the use of nuclear energy.

It also proposes the implementation of measures necessary for the overall protection of the people, property, and the environment against the risks stemming from the peaceful use of nuclear energy and ionizing radiation.

It adds that research into and development of the peaceful use of nuclear energy must be carried out in areas such as health, nutrition, the environment, industry, and mining, among others.

It finally proposes, again with regard to its most important aspects, to promote the exploration and exploitation of atomic resources.

Colombia

Guerrillas Down Police Helicopter in Huila; One Dead

PA1804183695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 18 Apr 95

[From "The Midday Newscast"]

[FBIS Translated Text] There were heavy clashes in the rural area of Vegalarga, a municipality of Huila, where the guerrillas have attacked four helicopters of the Counternarcotics Police, downing one and killing Major Jose Luis Ramirez Ceballos. The high-ranking officer was in training to become a colonel, according to reports by the Narcotics Division of the National Police.

The helicopter was shot down in Vegalarga, near Neiva, and Lieutenant Juan Carlos Arciniegas was injured in the attack. Arciniegas received special attention at the

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Specialty Clinic in Neiva. Maj. Ramirez Ceballos was taken to the same hospital with a cardiac arrest, Doctor Luis Alberto Valencia said. Valencia administered first aid to Maj. Ramirez Ceballos.

The helicopters were fumigating crops of poppy, coca, and marijuana.

Pardo Remarks on Conflict With Nicaragua Over San Andres

PA1804164695 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 18 Apr 95

[From the "24 Hours Newscast"]

[FBIS Translated Text] Foreign Minister Rodrigo Pardo reacted strongly today to two incidents involving the Nicaraguan coast guard and that country's request that Colombia review the Barcenas Meneses-Esguerra Treaty.

From the Somoza era, through the Sandinists, and now with Dona Violeta, the conflict over the San Andres Archipelago, which had been resolved with the Esguerra Meneses-Barcenas Treaty, has occasionally been an escape valve for Nicaragua's domestic problems.

[Begin Pardo Recording] We want to increase the state's presence in San Andres. We have increased our military presence, and severe, strict patrols are being conducted in our jurisdictional waters, but we have nothing pending from the international viewpoint. Colombia's title deeds are clear, and a treaty is in force. [end recording]

Within the framework of diplomatic relations, the only matter pending is the return of the motorboat Nistina. Foreign Minister Pardo has confirmed that the boat was seized because it was allegedly fishing in Nicaraguan territorial waters.

[Begin Pardo recording] If there is one clear principle of international law and Colombian foreign policy, it is that treaties are inviolable. [end recording]

Since Nicaragua's position has no legal foundation, it is our assumption that the Nicaraguan Government is trying to fish in troubled waters after complaining that San Andres is being used by drug traffickers.

Attitudes Toward Samper, Issues Surveyed

95CA0187A Santa Fe de Bogota SEMANA in Spanish 11 Apr 95 pp 38-42

[FBIS Translated Text] *Although the president is still popular, his image has suffered deterioration. Most people no longer believe in his policies, and some of his ministers are failing. This is SEMANA's third quarterly poll on the Samper government.*

With the ninth month of Ernesto Samper's administration already elapsing, the quarterly poll taken by SEMANA and Gallup Colombia seems to show that the first traces of erosion have now become clearly apparent for the chief executive and his government. Between December and April, the favorable view of his image declined from 76 to 64 percent, while the unfavorable view increased from 12 to 20 percent. This indicates a combined loss of about 20 percentage points: 12 in the favorable, and 8 in the unfavorable assessment. His administration has been affected as well: Between December and April, the satisfaction with it among those polled declined from 59 to 55 percent; and their dissatisfaction rose from 19 [as published] to 28 percent. Its principal policies (the Social Leap and the Social Pact) have lost credibility. The ministers also have registered increases in the percentages of their unfavorable image, with some rather difficult situations, such as those of Arturo Sarabia, Alonso Gomez, and Horacio Serpa. In other cases, such as those of Maria Sol Navia, Antonio Hernandez, Juan Gomez, and Fernando Botero, they are less serious. The first lady, Jacquin Strouss, has lost several points as well. Her favorable image was 48 percent last October, and it has now dropped to 41 percent; whereas her unfavorable image increased from 9 to 19 percent. There is every indication that the honeymoon with public opinion experienced by Samper is ending. However, the situation is not sufficiently critical to prompt the chief executive to be overly concerned.

Image of the President

Do you have a favorable or unfavorable opinion of President Ernesto Samper? (figures are percentages)

	Dec '94	Apr '95
Favorable	76	64
Unfavorable	12	20

Samper's Administration

All things considered, are you satisfied or dissatisfied with the way in which Ernesto Samper is performing as president of the republic? (figures are percentages)

	Dec '94	Apr '95
Favorable	59	55
Unfavorable	14	28

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High-Ranking Officials

Are you familiar with, or have you heard mention of the following persons?

Do you have a favorable or unfavorable opinion of these persons? (figures are percentages)

The ranking is based on the degree of recognition of the official.

Official	Familiarity	Favorable		Unfavorable	
		Oct 94	Apr 95	Oct 94	Apr 95
Humberto de la Calle (vice president)	95	74	66	7	16
Horacio Serpa Uribe (minister of government)	92	72	61	6	18
Fernando Botero Zea (minister of defense)	87	55	56	8	13
David Turbay Turbay (comptroller general)	73	31	28	23	26
Alfonso Valdivieso (prosecutor general)	70	39	41	7	12
Juan Gomez Martinez (minister of transportation)	68	40	44	6	11
Rodrigo Marin Bernal (minister of development)	62	30	33	8	11
Cecilia Lopez Montano (minister of environment)	56	20	36	3	10
Guillermo Perry (minister of finance)	55	21	25	7	11
Orlando Vasquez V. (attorney general)	52	20	25	9	11
Arturo Sarabia (minister of education)	48	17	10	4	15
Daniel Mazuera (minister of commerce)	45	22	20	5	7
Nestor Humberto Martinez (minister of justice	42	23	22	4	6
Armando Benedetti (minister of communications)	41	18	23	3	5
Maria Sol Navia (minister of labor)	40	14	17	2	9
Rodrigo Pardo (minister of foreign affairs)	38	21	18	3	5
Jorge Eduardo Cock (minister of mines)	36	12	17	3	6
Alonso Gomez Duque (minister of health)	35	12	14	2	8
Antonio Hernandez (minister of agriculture)	31	8	12	2	6

The First Lady

Do you have a favorable or unfavorable opinion of first lady Jacquin Strouss de Samper? (figures are percentages)

	Oct '94	Apr '95
Favorable	48	41
Unfavorable	9	19

The Social Leap

Have you heard mention of the Social Leap policy? Do you believe in that policy? (figures are percentages)

	Oct '94	Apr '95
Have heard of it	42	64
Have not heard of it	58	36
Believe in it	17	21
Do not believe in it	17	30
Don't know/no answer	8	13

The Social Pact

Have you heard mention of the Social Pact policy? Do you believe in that policy? (figures are percentages)

	Oct '94	Apr '95
Have heard of it	56	83
Have not heard of it	44	17
Believe in it	30	40
Do not believe in it	17	33
Don't know/no answer	10	10

Samper and the Problems

From 1 to 5, in which 1 is the lowest score and 5 the highest, how would you rate Ernesto Samper's administration to date for solving the following problems?

Unemployment	2.6
Drug trafficking	2.6
Cost of living	2.4
Corruption	2.4
Guerrillas	2.2
Insecurity	2.2
Poverty	2.2

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Technical Record:

Six hundred telephone pollings in the four leading cities, including males and females from all social strata, taken by random sampling, on 5 and 6 April. Margin of error: +or - 4 percent, and 95 percent reliability.

Inflation Increase During March Discussed

95CA0189A Santa Fe de Bogota SEMANA in Spanish 11 Apr 95 p 52

[FBIS Translated Text] *The winds of March have not brought good news about prices for the Social Pact.*

As "Mafalda" [a comic strip character] would say, there was a bonus in mind. And the fact is that the expectations spun around the Social Pact are so high that the figure for the price increases in March left more than one person deflated. Not even the government, nor the analysts, nor the private sector—much less consumers—were expecting the price hike, totaling 2.61 percent, to exceed the numbers attained during the same months of the past two years. However, that is what happened. The pact met its first obstacle, and, incidentally, brought into question one of the instruments on which the economic success of Ernesto Samper's administration depends.

And the worst part about the upward trend is that there is a broad range of factors that could push prices up even more, thereby making it possible for the 18 percent inflation goal to be left uncertain. The first of these is the devaluation of the peso, which is already reaching 5.6 percent, whereas all last year it was 3.4 percent. Another is public spending—which, according to various analysts, is well above what would be advisable. And the third is interest rates, which, although they have declined within the past few days, are still high. They are currently close to 45 percent in the case of credit: a level that is raising the costs of loans to the productive sector, which could opt to pass that higher rate on to consumers.

Although the 8.2 percent inflation for the quarter was lower than that in previous years, attention has been focused more on the monthly figure: hence the criticism from analysts. Eduardo Lora, director of the Federation of Higher Education and Development [Fedesarrollo], told SEMANA: "The figure is disappointing, because no ground has been gained over 1993, and the effect of the Social Pact is not very clearly evident."

The fact is that, for many different items, the figure in March of this year has exceeded that of 1993.

Javier Fernandez Riva, chairman of the National Association of Financial Institutions [ANIF], expressed the view that "The March figure was bad, not only because of the change in trend, but also because the rise in gasoline prices explains only part of the price hike."

The most serious cases of price increases occurred in the behavior of prices of foods such as bananas and potatoes, which rose 13.2 percent, and of fruit, which increased 7.9 percent. Furthermore, health service costs rose 6.3 percent, and those of beverages, 4.1 percent.

Nevertheless, in the quarterly analysis, only clothing and education prices exceeded those of last year. For example, transportation achieved a reduction from 14.18 to 9.51 percent, and that occurred because the gasoline price hike was postponed until March.

Despite the criticism, both Lora and Fernandez agree in claiming that, without the Social Pact, the picture would have been gloomier, because the psychological pressure on manufacturers not to raise their prices over 18 percent had its effect. Many increased them below that level. An exceptional case was that of paper which, owing to circumstances on the international market, registered a price hike of over 40 percent. However, the local producers have already accepted the government's plea that they not be raised above that level.

Now, the government needs to pay heed to the appeals from the private sector and the analysts, and even to that of the money issuing institution, so as to work on the economic variables, especially public spending.

According to Lora, "The time has come for the government to define spending priorities, because it is impossible to manage the economy when everything is considered important: the Development Plan, the Social Pact, the devaluation commitment. If the government wants to maintain the pact during its entire administration, it will have to assume responsibility for the cost that this entails."

His proposal goes even further. He claims that the executive branch will have to do something to restrict credit—in particular, that for consumption, with the shortening of debt terms. Municipal and departmental consumption credit also must be reduced, with an increase in the funding provisions on the part of the localities.

Fernandez Riva discerns a darker picture. In his view, there are but few instruments left to the government and the Bank of the Republic's Board of Directors for reducing inflation. He comments: "Cutting public spending too much would have a negative effect on economic growth; so it is rather unlikely that they will do that. Something similar could happen if restrictions are applied to credit. However, greater fiscal discipline is necessary to attain the goals."

Looking at every place where inflation could be cut has become a more pressing need every day. If this is not done, there will be more criticism emerging for the Social Pact, and inflation will become like a mite, trying to continue its fattening, even though two governments have expended all their efforts on the idea of belt tightening.

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Ecuador

Foreign Minister: Demobilization Guaranteed

PA1804175695 Quito Voz de los Andes in Spanish 2300 GMT 17 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco has said that the turnover of Ecuadoran detachments to the international observers is guaranteed. He believes that irrespective of the absence of international observers in the turnover of Base Sur, the process is under control.

[Begin Leoro Franco recording] Everything is guaranteed. This obviously includes the turnover of Base Sur, because when the demobilization of forces takes place, the entire area being subjected to this process falls under the observers of the guarantor countries. [end recording]

Public sectors in Ecuador warned of the danger involved in not having international observers at the site to witness the turnover of Ecuadoran detachments. In light of this situation, the government confirmed that the bases will be surrendered while taking all necessary precautions to avert any attack.

Official Makes Ministerial Visit to Peru

PA1804175895 Quito Voz de los Andes in Spanish 2300 GMT 17 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Jose Vicente Maldonado, Ecuadoran industry and commerce minister, became today the first Ecuadoran Government official to travel to Peru following the undeclared war between the two countries.

On 19 April, Maldonado will attend the meeting of the Cartagena Agreement, an organization that is comprised of Bolivia, Colombia, Ecuador, Peru, and Venezuela. During that meeting, the member countries will analyze a new strategy of the group also known as the Andean Pact designed to face changes in the world economy. The focus of the meeting will be the world economic situation and the new development models, because the current economic policies differ from the models applied within the framework of the Andean Pact.

Maldonado disclosed that he and Liliana Canales, his Peruvian counterpart, will not discuss any topics related to bilateral trade. Ecuador and Peru suspended trade activities following the undeclared war last January and February.

However, he did state that resuming bilateral trade will depend on demilitarization of the borders not directly involved in the armed conflict, which should include the demobilization of troops of the 6th Military Region. This detachment was recently created by the Peruvian Government.

Paraguay

Navy Commander Views Modernization, Party Affiliation

PY1804164195 Asuncion ABC COLOR in Spanish 13 Apr 95 p 2

[Transcription of radio interview with Navy Commander Carlos Guillermo Lopez Moreira by unidentified reporter from unidentified radio station; place and date not given]

[FBIS Translated Text] [Reporter] There is a creeping malaise in the Armed Forces that may cause the situation to get out of hand for [President Juan Carlos] Wasmosy.

[Lopez Moreira] The mid-level cadres within the Armed Forces and the National Police are concerned about the precarious conditions in which junior grade officers have to operate. This, however, does not constitute in the least a problem for the Armed Forces commander in chief. We are aware that we in the military are not the only ones who need a wage hike. This is why we have made modest demands about our pay increase.

[Reporter] The military personnel are putting pressure on Wasmosy to grant them a wage hike and are hinting at the fact that they can make things difficult for him. Is he in control of the situation?

[Lopez Moreira] Yes, he is the one who controls the Armed Forces, but it is our responsibility to create the necessary conditions for him to be respected by military and civilians alike. We, in the Armed Forces, are going to stand by him so that he can enjoy complete freedom and support him in order that he may guide and consolidate this nascent democracy. We are fully aware of this, and we are going to stand up for our commander in chief.

[Reporter] You and [Air Force Commander] General [Cesar] Cramer are considered to be "Wasmosy's men" and a counterpoise to [Army Commander General Lino] Oviedo within the Armed Forces. Is that true?

[Lopez Moreira] I am on the best of terms with Gen. Oviedo, and, as his subordinate, I hold him in the greatest respect. I think Cramer thinks likewise because that is the rule of conduct within the Armed Forces. Still, we are independent and answer to the commander in chief. We have no right to meddle in the affairs of the other branches of the service, and I think we are all subordinate to the president of the Republic.

[Reporter] Your answer sounds too formal. Does it reflect what is happening within the Armed Forces?

[Lopez Moreira] The thing about that is that people always exaggerate a bit. I may have my differences with Cramer or with Gen. Oviedo, but that will not result in a violent confrontation between us. We are also learning little by little how to live in democracy, and we have to exchange views, but relations between us are fine.

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[Reporter] Do you believe the time is ripe for undertaking major transformations within the Armed Forces, such as stripping the military of their political party affiliation?

[Lopez Moreira] That is something that is totally unimportant. Political leanings cannot be effaced merely by a decree or law. Nevertheless, if the law stipulates that I have to resign my political party membership and refrain from becoming involved in partisan politics, I will observe it, because that is not really important.

[Reporter] Does that mean the military would be willing to renounce party affiliation?

[Lopez Moreira] As far as I am concerned, yes.

[Reporter] Do you, within the Armed Forces, analyze the implications of the meddling in politics by some of your members? Do you urge your brothers in arms to stop engaging in such activities?

[Lopez Moreira] Yes, we do. We have analyzed that situation with our commander in chief, the Military Forces commander, and the other commanders, and we are of one mind about the fact that we should not be engaged in politics. What happens is that sometimes, in our eagerness to help others, we overstep the bounds of our duties. Still, I think that this should not be interpreted as political involvement.

[Reporter] Is there a possibility of reducing the number of Armed Forces members and modernizing military equipment at a lower cost?

[Lopez Moreira] The reduction in the number of military personnel can be done concurrently with the modernization of the Armed Forces. Nevertheless, the public ought to understand that this modernization is very costly because weapons are now very sophisticated and become obsolete in no time.

[Reporter] Some congressmen contend that given the slight, even nearly nonexistent, possibility that an armed conflict may erupt, expenditures on defense are totally unjustifiable.

[Lopez Moreira] Conflicts occur overnight, and no country can claim that it is wholly immune to them. Countries like Venezuela and Colombia were suddenly plunged into a conflict. We must understand that war is the continuation of diplomatic negotiations by violent means.

[Reporter] Given the present state of our Armed Forces, can our country wage a war with our neighbors?

[Lopez Moreira] We have weapons and the means to resist for some time, but we must modernize.

[Reporter] Is the training our military personnel receive modernized?

[Lopez Moreira] Military training conforms to modern techniques and strategies.

[Reporter] Will we see the end of officers who work as businessmen?

[Lopez Moreira] I think so, because that is not the role of military personnel, and it is totally alien to our mission.

Peru

Ecuadoran Industry Minister Visits, Notes Border Process

PY1904033695 Lima Global de Television Network in Spanish 0130 GMT 19 Apr 95

[FBIS Translated Text] Ecuadoran Industry and Commerce Minister Jose Vicente Maldonado is visiting our country to participate in the new round of sessions of the Cartagena Agreement. In remarks to the press he said that the condition for reopening the border with Peru is the demilitarization of the zones not directly involved in the conflict.

In reply, Peruvian Industry Minister Liliana Canale said that no conditions would be acceptable, as Ecuador had closed the border unilaterally.

The ministers of integration and foreign trade of the five Andean Group countries met at the Cartagena Agreement headquarters. These ministers are Jose Vicente Maldonado from Ecuador; Liliana Canale from Peru; Werner Corrales from Venezuela; Mario Reyes Chaves from Bolivia; and Daniel Mazuera Gomez from Colombia, who is presiding over the round of sessions.

[Begin Maldonado recording] We are going to work especially on the Andean Group's strategic plan for facing the rest of the world. We think this is an indispensable exercise for establishing once and for all the kind of Andean Group we would like to have within the next few years. [end recording]

To achieve these objectives the ministers intend to prepare a new strategic Andean Group plan that will pave the way for actions within the next few years to strengthen integration.

This meeting of the Andean Group also served for the discussion of other matters of special interest for Peru and Ecuador, such as the reopening of the border between the two countries, which will allow reactivation of the trade that was severed by the conflict.

Before entering the hall of meetings Minister Maldonado, the first Ecuadoran official to visit Peru since the conflict, reaffirmed to the press his government's position on reopening the border, which was closed unilaterally.

[Begin recording] [Maldonado] The Ecuadoran Government's desire is that once the demobilization and demilitarization process is completed in the Cenepa region, it will also be possible to demobilize or demilitarize the border zones of the provinces of Loro and Lojas. I understand that Minister Canales also conducted the

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same negotiations with Peruvian military officials in order to provide peace for this border reopening process.

[Canale] We believe that Ecuador is not in a position to impose any conditions, as they closed the border unilaterally. We have been able to bear that situation, that is, all our exports, instead of going through the border, are being sent by sea to Guayaquil. In agreement with the private sector we have thus prevented our companies from being hurt. [end recording]

Observers on Development of Demilitarization Actions

PY1804224695 Lima EL COMERCIO in Spanish 9 Apr 95 p A10

[Report by special envoy to Bagua Diana Deminario Maron]

[FBIS Translated Text] As of Sunday, 9 April, the Ecuador-Peru Mission of Military Observers (Momep) will begin to use helicopters to overfly the demilitarized areas in the so-called "security area" where the border conflict between the two countries was staged.

The first patrol to enter the "security area" will comprise two Momep helicopters. The number of mission members who will overfly the area has not been mentioned. The helicopters will take off from their bases in Patuca (Ecuador).

Patrolling will be carried out periodically, seeking to generate a climate of confidence between the two nations.

A communique issued by the Momep, disseminated tonight by U.S. Army General Glen Weider, the chief of staff of the military observers, and signed by Brazilian Army General Candido Vargas de Freire, the Momep coordinator general, states that the second phase of the separation began on 6 April, under Momep supervision.

Weidner said the observers mission will not extend its activities beyond the scheduled date. Within this framework, the Momep coordinator general and his chief of staff will travel to Patuca as part of the weekly rotation program between the two countries.

The communique adds that since the start of the first stage of the separation of forces, Momep has supervised flights from the two countries within the "security area," seeking "to avoid incidents resulting from the increased pace of the evacuation of troops."

The communique also states that Momep asked both parties for detailed accounts of the actions they have scheduled to fulfill the commitment undertaken in Article No. 5 of the Itamaraty Peace Declaration, regarding the gradual and reciprocal demobilization in the direct conflict zone, and thus "gradually build solid mutual confidence between the two sister nations and contribute to solve the problem that triggered the conflict."

The official communique explains that the main difficulties for the demilitarization in the "security area" are the thick vegetation, the rough terrain, the lack of communication except for trails, tracks, or footpaths through the jungle.

The communique also notes that very unpredictable weather significantly precludes the use of helicopters to withdraw troops.

Venezuela

Minister Discusses Anti-Inflation Measures

PA1804164895 Caracas EL NACIONAL in Spanish 16 Apr 95 p D-1

[Report on interview with Development Minister Werner Corrales by Adriana Cortez and Telmo Almada; place and date not given]

[FBIS Translated Text] New Development Minister Werner Corrales has set goals that go beyond price controls for his ministry, which has been traditionally viewed as a bottleneck. He plans to be successful in the so-called anti-inflationary commitment by pleasing workers and businessmen and by reaching a 0-percent inflation rate within the next three months, an objective that seems very difficult to achieve given the country's current situation.

This control, in his opinion, must no longer exist. We are working toward its slow removal by making the Central Bank of Venezuela [BCV], the private sector, workers, and, of course, the government play under the same rules of the game.

[EL NACIONAL] How will you coordinate the fight against inflation in an atmosphere where the salary bonus measure and the spending increase in the private sector coincide?

[Corrales] The adjustment the Economic Recovery and Stabilization Program (PERE) made is based upon the anti-inflationary commitment. Although the variables are the same in every similar process, the manner in which they are handled is different. One of the main foundations is the commitment among agents, as the Ninth National Plan stipulates, and this is the fist goal we will achieve. That is why attempting to implement a unilateral price control on only 33 products is illogical. In principle, prices are the result of an economic process in which inflationary pressure translates into, on the one hand, a fiscal deficit with a monetary liquidity surplus and, on the other hand, producers' expectations for the country's economic outlook.

[EL NACIONAL] Will these three [as published] aspects be conquered at the same time?

[Corrales] We are attempting to tackle these three aspects, which is a change in itself, and the ministry I head will coordinate the anti-inflationary commitment.

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This position implies working not only on prices but also on the overall scheme among the BCV, for its monetary policies; the government, for its fiscal policies; workers, for their salary requirements; and businessmen, for their price reactions. This coordination compels each protagonist to be motivated to participate in this game, beginning with the commitment the other three protagonists have made. A businessman could support the PERE if he believes the government will reduce the fiscal deficit, because it would not be worthy if he does not.

[EL NACIONAL] But the price control is still a reality and, perhaps, a necessity...

[Corrales] We need to get over the price control scheme being the great solution, because the tendency is for it to disappear. We do not have an exact date, but the deadline we set to honor the anti-inflationary commitment is 12 months. From the day I took charge of the Development Ministry, I asked businessmen not to request price revisions from us until the anti-inflationary pact goes into effect. I must acknowledged that they have not pressured me.

Anti-Inflationary Commitment

[EL NACIONAL] How will this anti-inflationary commitment work?

[Corrales] The following are the phases of the commitment: the first phase is the bonus to the workers' income. The second phase is an entire price and wage freeze in the economy for 60 or 90 days. It is a delicate phase in which we expect businessmen to honor their commitments and to be watchful of their trade channels. This position does not mean they will be the only trade supervisors; it means they will help detect irregularities by calling for sanctions such as disengaging those responsible for the irregularities from the trade channel. It has already been agreed that in these preliminary conversations, the government will unilaterally assume or make adjustments on tariffs or prices it believes are falling behind.

[EL NACIONAL] Are you referring to gasoline?

[Corrales] I would rather not go into details. During the freeze, the government, on its own judgment, will make adjustments without seeking a consensus, as agreed with businessmen and the CTV [Venezuelan Workers Confederation]. It is like a vote of confidence for the executive branch so adjustments will be made without negotiations. The objective is to make commitments during this period without pressure from salaries, interest rates, or prices.

"During the third phase, we will be clear on the inflation rate we are aiming for, the maximum compatible fiscal deficit, the maximum liquidity growth, and the ceiling on price and wage growth. We will then commit ourselves with the mechanisms of supervision, because the government is willing to open the information in the treasurer's office; that is, it is willing to let the other sectors know how much money comes and goes out of the treasurer's office to keep an account of how much the deficit is and where it is heading. We are willing to do this, and we expect similar measures from businessmen and workers.

[EL NACIONAL] Traditionally, combined anti-inflationary efforts have not had good results, and after a period of calm, workers, businessmen, and the government end up fighting one another.

[Corrales] There have never been anti-inflationary pacts, just price agreements that did not take into account the wide variety of macroeconomic variables. The only successful experiences I know of were in Israel in the early 1980's, in Mexico with Carlos Salinas de Gortari, and the one that has now been initiated in Colombia along with Venezuela.

[EL NACIONAL] But the culture of Venezuelan businessmen, which is different from other countries, was not kept in mind. Our businessmen's profit margin is not less than 100 percent. If their demands for certain price increases are not met, the clique system will create shortages...

[Corrales] The agreements reached so far are only verbal, but we hope to sign written agreements. In addition, we trust the supervision mechanisms among all players. If the four pillars reach an agreement, the government could become the great moderator, and he who violates the agreement will be punished by the executive. I believe everyone, including businessmen, is aware of the need to achieve an agreement. For example, I can mention that they agreed with the salary subsidy.

Corrales' Goals

Before being in charge of the Industry and Commerce Ministry, Corrales was the government's third Cordiplan [Office of Coordination and Planning] minister. His brief stint in that capacity was fundamental in macroeconomic planning because he drafted the PERE, which has been in effect for 18 months, as well as the Ninth National Plan which contains goals, some of which exceed the president's five-year term.

The official has sufficient authority to reveal the executive branch's principal macroeconomic goals for this year, which can be summarized as follows:

- Contain inflation to a maximum of 35 percent by the end of 1995, just as it had been proposed in the PERE, even though in March inflation rose above the levels expected by the government. Following the adoption of anti-inflationary measures, however, inflation will be contained for two or three months and will be kept down to 0 percent when prices and salaries are frozen.
- To maintain the inflation rate not higher than 2 percent per month once the price and salary freeze stage is complete.
- To close the fiscal year with a deficit not greater than 3.5 percent of GDP. The deficit will not be financed through inflation, which means "the money-making

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machinery will not be put to work," and the government will not resort to devaluations, as fiscal deficits have traditionally been financed.

- The deficit will be covered "by financial markets," through the issuance of public notes such as treasury notes, bonds, and other instruments of the Republic.
- To withdraw from the economy more than 300 billion bolivares in excess liquidity through the issuance of debt notes, which will be used to obtain resources to pay the foreign debt. According to Corrales, this volume of liquidity that will come out of the economy will be added to the 600 billion bolivares which the Central Bank is currently retaining through the issuance of zero coupon bonds and Monetary Stabilization Bonds.
- The bonds issued by the Central Bank will be paid through the financial operations conducted by the Republic with medium- and long-term instruments.

Corrales denied that macroeconomic policy changed as a result of "contradictions and a lack of coordination" among officials in the executive branch after he was no longer planning minister. "There is no such thing. There are no contradictions among the economic team. There has never been greater coordination on the economic team," he said.

[EL NACIONAL] The strategy of issuing dollar-denominated instruments, a currency that had been proposed in PERE to restrict liquidity and finance the executive's debt with the BCV, was suspended.

[Corrales] Dollar-denominated instruments have great advantages over instruments in bolivares. When PERE was established in September last year, approximately 800 billion bolivares in zero coupon bonds and high local interest rates were about to mature, a situation very different from the present one. The use of instruments in dollars has not been ruled out, but it is logical for the government to use less costly instruments. When circumstances dictate the use of instruments in dollars, it will be done.

[EL NACIONAL] Disagreements have now emerged because Brady bonds are being used in the local market. Brady bonds are dollar-denominated instruments that could serve to eliminate excess liquidity.

[Corrales] I agree with Minister Matos Azocar. Brady bonds are valid instruments. I favor making adjustments in operations with them if necessary.

Corrales said that one of the primary objectives of the already announced plan to stimulate the industrial sector and investment is to redirect the country's imports so more capital goods and less consumption goods can be imported. As ICE [Foreign Trade Institute] minister, Corrales remarked that imports increased 25 percent during the first two months of 1995. He concluded that "in Venezuela it is necessary to establish priorities in the allocation of foreign currency to help direct markets. We confirm a total opening without tariff or para-tariff instruments. As long as the emergency situation exists, however, we must try to manage resources to attain reactivation as soon as possible."

[EL NACIONAL] How can this objective be attained without violating international agreements?

[Corrales] Part of our industrial and commercial policy will be to give incentives to certain sectors, such as investment. These measures will be announced soon. If they prove successful, the nature of imports will change and more capital goods than consumption goods will be bought. Without using instruments contrary to free trade, we will change imports for the good of the national economy.

[EL NACIONAL] Will a strong import increase result in a commercial deficit?

[Corrales] That is another reason to create MIC [expansion unknown]. In the past few years, Venezuela has leaned toward a commercial deficit, although we have continued to profit from our big oil exports, and the deficit problems have been corrected only when there have been considerable devaluations, a fact that does not improve competitiveness. Mexico overvalued its currency on a short-term basis but failed to strengthen its production system on a long-term basis while opening up to imports. Our opening has been complete since 1989—except in the financial sector, although we failed to strengthen the productive system in due time. For this reason, our goal is to avoid pitfalls like those in Mexico.

Senate Committee Drafts Document Addressing Border Issues

PA1804200495 Caracas EL GLOBO in Spanish 16 Apr 95 p 4

[Report by Augusto Figueroa]

[FBIS Translated Text] Venezuela needs to increase its civil and military presence along its borders. There must be an extremely careful relationship between the residents of border areas and the Armed Forces. The two parties must understand the need to work together to achieve an effective Venezuelan presence. These statements are included in a document drafted by Haydee Castillo de Lopez, head of the Senate Foreign Relations Committee, which approved the document and forwarded it to the National Congress.

More Contacts; More Education

The Armed Forces' border protection duties include residents, their activities, and respect for the human rights and guarantees the Constitution grants Venezuelans. In turn, civilians must cooperate with the military in their mission to safeguard national sovereignty. The rapprochement between the two parties in Venezuelan society includes more contacts and education regarding

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the functions carried out by each side, and more communication between the two parties, thus reinforcing the concept that the border area is experiencing an exceptional situation that requires successful joint and concerted efforts.

The document drafted following the senatorial committee's post-Cararabo discussions and analyses notes the lack of a long-term definition of border policies. It indicates that the actions successive administrations have taken in this area have lacked continuity. Although the governments have made certain decisions and carried out certain actions in what appears to be the right direction, they have failed to coordinate among themselves to ensure that objectives are met. The document also points to the need to fill the persistent gaps in the definition of border policies, especially those concerning the border with Colombia.

"To keep peace with Colombia, which we believe is a sine qua non condition in our foreign policies, we need to ensure firmness in demanding this country comply with the agreements we have signed and the ones we will sign in the future. There are too many aggravating factors in pending problems such as vehicle thefts in Venezuela, pending extraditions, kidnappings along the border, and, above all, the absence of a Colombian Government presence in the plains area bordering Venezuela, which promotes a dangerous mind-set among the Venezuelan people. This regrettable Cararabo case must be used to readdress our relations with Colombia from the standpoint of having no more unfulfilled declarations.

Southern Border Area

At the same time, the document stresses the need for a greater military presence on the country's southern border. The tremendous distances and territory seem a lot more pressing due to the lack of basic services which should be provided by the state. These fundamental services should serve to remind the population living along the border that they "are part of and owe allegiance to a country that has not forsaken them." In this particular case, it is not just a matter of increasing the military presence in the area but of providing more services such as education, assistance, communication, transportation, information, citizen identification, and recreation, among others. A presence such as the one proposed by the legislators entails increasing public expenditures budgeted for the military forces, infrastructure, as well as regional and national services.

The legislators' recommendations reiterate that the government's presence in the border region must be accompanied by adequate equipment. This does not only entail weapons, but also state-of-the-art communications equipment in accordance with needs, and personnel well trained in techniques that may be used by potential adversaries.

The document specifically notes the need for suitable roads, airports, heliports, water ports, and vehicles suitable to the region's topography.

In order to integrate the region with the rest of the country, it is critical that the national media have access to the area. In this respect, radio broadcasts would appear to be the least expensive medium, but the document also recommends television broadcasts.

The commission called attention to several shortcomings prevalent at border posts, primarily the need to increase intelligence gathering and basic protection such as simple wire fences.

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